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August 31, 2007

The Honorable Chairman and Members of  
the Hawaii Public Utilities Commission  
Kekuanaoa Building  
465 South King Street, First Floor  
Honolulu, Hawaii 96813

PUBLIC UTILITIES  
COMMISSION

2007 AUG 31 P 1:39

FILED

Dear Commissioners:

Subject: Docket No. 2006-0386  
HECO 2007 Test Year Rate Case  
Responses to Consumer Advocate and DOD Information Requests

Attached are nine sets (each set containing twelve binders) of Hawaiian Electric Company, Inc.'s ("HECO") responses to the Consumer Advocate's and the Department of Defense's ("DOD") information requests. These responses were provided to the Consumer Advocate and the DOD during the period beginning February 13, 2007 through August 2, 2007.

Responses containing confidential information are being submitted pursuant to Amended Protective Order No. 23378, dated June 4, 2007. Electronic copies of the responses in portable document format ("PDF") are being provided on compact disc.

Sincerely,

Dean K. Matsuura  
Manager, Regulatory Affairs

Attachments

cc: Division of Consumer Advocacy (w/o attachments)  
Dr. Khojasteh Davoodi (w/o attachments)  
Randall Y.K. Young, Esq. (w/o attachments)

**PARTIAL CONFIDENTIAL  
IN SEALED ENVELOPE)**



CA-IR-1

**General Information Requests**

For each of the HECO witnesses who sponsor test period budgeted labor direct expense amounts, please provide the following information:

- a. Identify each employee involved in preparation of budgeted staffing and associated labor direct expense amounts included in the witnesses' portion of the rate case test period budget.
- b. Provide complete copies of all calculations, spreadsheet files, "pencil" workpapers, surveys and other analyses performed by each of the employees identified in response to part (a), documenting all work done to determine required staffing levels and overtime hours by Department, RA, Activity and NARUC Account.
- c. Describe the actual force level that existed at the date the budget was prepared or otherwise served as a base for purposes of preparing the budget level.
- d. For each budgeted employee position that is added to existing actual force levels (as the date the budget was prepared), **explain** the analyses undertaken to determine that each added position was necessary and should be filled in order to meet present or anticipated work requirements. Also, please explain how the anticipated work requirements were defined and determined.
- e. Describe and, to the extent possible, quantify the backlog of work, unfinished projects, deferred maintenance and other labor requirements unfulfilled at present staffing levels, that will be satisfied by adding the employee positions identified in your response to part (d).
- f. Provide complete copies of all studies, analyses, workpapers, projections, notes, correspondence, assumptions and other documents associated with your responses to parts (d) and (e) above.

**HECO Response:**

The requested information is voluminous and available for inspection at HECO's Regulatory Affairs Division office, Suite 1301, Central Pacific Plaza, 220 South King Street, Honolulu, Hawaii. Please contact Dean Matsuura at 543-4622 to make arrangements to inspect the requested information. An electronic version the requested information is being provided on a compact disc.



CA-IR-2

**General Information Requests**

For each of the HECO witnesses who sponsor test period budgeted non-labor direct expense amounts, please provide the following information:

- a. Identify each employee involved in preparation of budgeted non-labor direct expense amounts included in the rate case test period budget and sponsored by the witness.
- b. Provide complete copies of all calculations, spreadsheet files, "pencil" workpapers, surveys and other analyses performed by each of the employees identified in response to part (a), indicating the amounts by Department, RA, Activity and NARUC Account that such calculations support.
- c. For each budgeted non-labor amount in the test period forecast that exceeds \$50,000, please describe the basis for determining the budgeted amount (for example, bid solicitation, price times quantity estimation, historical cost escalated, etc.)
- d. For each item in your response to part (c), where specific quantities and prices were discretely forecasted, explain the basis for and source of the budgeted quantity inputs and budgeted prices for each such item. Provide complete copies of all studies, reports and other documents that were relied upon.
- e. For each item in your response to part (c) where historical costs were escalated, provide all historical cost information that was considered and explain how such data was evaluated and escalated to derive test year proposed levels.
- f. For each item in your response to part (c) where a bid solicitation or other special analysis was conducted, explain what was done and provide complete copies of all supporting reports, bid solicitations, proposal, analyses, workpapers and other documents associated with such efforts.
- g. Provide complete copies of all other information required to completely support and document the test year projected expense levels being proposed by the Company, including general assumptions and forecasting instructions that were employed.

**HECO Response:**

The requested information is voluminous and available for inspection at HECO's Regulatory Affairs Division office, Suite 1301, Central Pacific Plaza, 220 South King Street, Honolulu, Hawaii. Please contact Dean Matsuura at 543-4622 to make arrangements to inspect the requested information. An electronic version the requested information is being provided on a compact disc.



CA-IR-3

To the extent not provided in response to CA-IR-1 or CA-IR-2, please provide complete copies of all other calculations, spreadsheet files, "pencil" workpapers, surveys, documentation and other analyses supporting each ratemaking adjustment (e.g., budget adjustments, normalizing adjustments, etc.) to projected test year expense, plant in service, accumulated depreciation, etc. being proposed by the Company, including any assumptions and adjustment instructions that were employed.

HECO Response:

This witness does not sponsor test year expense or rate base estimates and therefore has no response to this request.



CA-IR-3

To the extent not provided in response to CA-IR-1 or CA-IR-2, please provide complete copies of all other calculations, spreadsheet files, "pencil" workpapers, surveys, documentation and other analyses supporting each ratemaking adjustment (e.g., budget adjustments, normalizing adjustments, etc.) to projected test year expense, plant in service, accumulated depreciation, etc. being proposed by the Company, including any assumptions and adjustment instructions that were employed.

HECO Response:

This witness does not sponsor test year expense or rate base estimates and therefore has no response to this request.



CA-IR-3

To the extent not provided in response to CA-IR-1 or CA-IR-2, please provide complete copies of all other calculations, spreadsheet files, "pencil" workpapers, surveys, documentation and other analyses supporting each ratemaking adjustment (e.g., budget adjustments, normalizing adjustments, etc.) to projected test year expense, plant in service, accumulated depreciation, etc. being proposed by the Company, including any assumptions and adjustment instructions that were employed.

HECO Response:

With respect to HECO T-4 (Capacity Situation, Fuel Expense, Fuel-Related Expense, Generation Efficiency, and Fuel Inventory), please refer to HECO-WP-400 through HECO-WP-412 filed with the Commission and the Consumer Advocate on December 22, 2006.



CA-IR-3

To the extent not provided in response to CA-IR-1 or CA-IR-2, please provide complete copies of all other calculations, spreadsheet files, "pencil" workpapers, surveys, documentation and other analyses supporting each ratemaking adjustment (e.g., budget adjustments, normalizing adjustments, etc.) to projected test year expense, plant in service, accumulated depreciation, etc. being proposed by the Company, including any assumptions and adjustment instructions that were employed.

HECO Response:

With respect to the testimony of HECO T-5, please refer to HECO-WP-501 through HECO-WP-506 filed with the Commission and the Consumer Advocate on December 22, 2006.



CA-IR-3

To the extent not provided in response to CA-IR-1 or CA-IR-2, please provide complete copies of all other calculations, spreadsheet files, "pencil" workpapers, surveys, documentation and other analyses supporting each ratemaking adjustment (e.g., budget adjustments, normalizing adjustments, etc.) to projected test year expense, plant in service, accumulated depreciation, etc. being proposed by the Company, including any assumptions and adjustment instructions that were employed.

HECO Response:

The Budget Adjustments and Normalizations in HECO T-6 are identified in HECO-624 and HECO-625 and include the following:

1. Distributed Generation Operations Non-Labor Budget Adjustment of (\$155,000). The worksheet supporting this adjustment is included as Attachment 1 of this response .
2. Abandoned Projects Operations Non-Labor Budget Adjustment of \$42,000. Please refer to HECO-1019 for supporting information.
3. Performance Incentive Compensation Non-Labor Budget Adjustment of (\$279,000). Please refer to HECO-1004 for supporting information.
4. Emissions Fee Operations Non-Labor Normalization of (\$252,000). Please refer to HECO T-6, page 58, line 21 to page 59, line 5 for the basis of the calculation for this normalization. See also the worksheet included as Attachment 2 of this response. The normalization adjustment of (\$252,000) was derived by normalizing the emissions fee budget amount of \$1,090,000 to 10/13ths to reflect the payment of emissions fees in only 10 of the last 13 years. The normalized fee amount in the test year was \$838,000. Subtracting \$838,000 from \$1,090,000 resulted in the normalization adjustment of (\$252,000).

HECO has discovered that the emissions fee of \$1,090,000 in the 2007 Test Year budget was calculated based on a preliminary fuel consumption forecast. The new emissions fee total,



based on the updated August 2006 sales forecast and the test year production simulation run should have been \$898,000 and is described in CA-IR-2, Attachment 7. As a result of this decrease in the total emissions fee, the revised normalized test year amount for emission fees should be 10/13ths of \$898,000 or \$690,700. Therefore, the normalization adjustment should be \$1,090,000 less \$690,700 or (\$399,300).

5. Smart Signal Maintenance Non-Labor Normalization of (\$598,000). Please refer to HECO T-6, page 59, line 6 to 11 for the basis of this normalization.
6. Integrated Resource Plan (IRP) Operations Non-Labor Normalization of \$31,000. Please refer to HECO T-9, page 50, line 13, to page 51, line 4. See also HECO-925, HECO-927, HECO-928, and HECO-929 for supporting information.



2007 Rate Case - Distributed Generation (Includes DSG)  
Production Dept - Non-Labor  
(In Thous)

|               |                | 9/22/06               |              |                  |
|---------------|----------------|-----------------------|--------------|------------------|
|               | <u>Pillar</u>  | <u>DG O&amp;M Sch</u> | <u>Diff</u>  |                  |
| 570- Rental   | \$2,916        | \$2,771               | \$145        | (Incl 901-Amort) |
| 201- Material | \$16           | \$29                  | (\$13)       |                  |
| 501- O/S      | \$406          | \$413                 | (\$7)        |                  |
| 901- Amort    | \$30 (1)       | \$0                   | \$30         |                  |
| Total         | <u>\$3,368</u> | <u>\$3,213</u>        | <u>\$155</u> | Rate Case Adj    |

NOTES:

- (1) Represent the 2007 amortization for the Kaiser DSG paralleling switchgear contribution to be amortized over the period the ratepayer will benefit from the contribution. See further explanation in HECO T-6 pages 69 - 71.



**2007 DISTRIBUTED GENERATION O&M BUDGET**

|  |               | Jan-07  | Feb-07  | Mar-07  | Apr-07  | May-07  | Jun-07  | Jul-07  | Aug-07  | Sep-07  | Oct-07  | Nov-07  | Dec-07    | Total 07       |
|--|---------------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|-----------|----------------|
|  |               | 1       | 2       | 3       | 4       | 5       | 6       | 7       | 8       | 9       | 10      | 11      | 12        |                |
| <b>DISTRIBUTED GENERATION # OF SF</b>                        |               | 5       | 5       | 6       | 6       | 6       | 6       | 6       | 6       | 6       | 6       | 6       | 6         |                |
| DG Capacity (MW)   | EE            | 24.6    | 24.6    | 29.5    | 29.5    | 29.5    | 29.5    | 29.5    | 29.5    | 29.5    | 29.5    | 29.5    | 29.5      |                |
| Rent (\$000)   | 570           | \$190.0 | \$190.0 | \$228.0 | \$228.0 | \$228.0 | \$228.0 | \$228.0 | \$228.0 | \$228.0 | \$228.0 | \$228.0 | \$228.0   | \$2,660.0      |
| Phone (\$000)  | 501           | \$3.8   | \$3.2   | \$3.8   | \$3.8   | \$3.8   | \$3.8   | \$3.8   | \$3.8   | \$3.8   | \$3.8   | \$3.8   | \$3.8     | \$44.7         |
| Mat'l / spill kits (\$000)                                   | 201           | \$1.5   | \$1.5   | \$1.8   | \$1.8   | \$1.8   | \$1.8   | \$1.8   | \$1.8   | \$1.8   | \$1.8   | \$1.8   | \$1.8     | \$21.0         |
| Refueling OSvs (\$000)                                       | 501           | \$17.5  | \$17.5  | \$21.0  | \$21.0  | \$21.0  | \$21.0  | \$21.0  | \$21.0  | \$21.0  | \$21.0  | \$21.0  | \$21.0    | \$245.0        |
| Annual source test (\$000)                                   | 501           | \$0.0   | \$0.0   | \$0.0   | \$0.0   | \$0.0   | \$0.0   | \$0.0   | \$0.0   | \$0.0   | \$0.0   | \$0.0   | \$54.0    | \$54.0         |
| NCS Air Permit fee (\$000)                                   | 501           | \$0.0   | \$0.0   | \$0.0   | \$0.0   | \$0.0   | \$0.0   | \$0.0   | \$0.0   | \$0.0   | \$0.0   | \$0.0   | \$9.0     | \$9.0          |
| Power Supply Labor (\$000)                                   | 150           | \$5.0   | \$5.0   | \$6.0   | \$6.0   | \$6.0   | \$6.0   | \$6.0   | \$6.0   | \$6.0   | \$6.0   | \$6.0   | \$6.0     | \$70.0         |
| Tech Support (\$000)   | 150           | \$1.0   | \$1.0   | \$1.2   | \$1.2   | \$1.2   | \$1.2   | \$1.2   | \$1.2   | \$1.2   | \$1.2   | \$1.2   | \$1.2     | \$14.0         |
| Environmental Labor (\$000)                                  | 150           | \$0.0   | \$0.0   | \$0.0   | \$0.0   | \$0.0   | \$0.0   | \$0.0   | \$0.0   | \$0.0   | \$0.0   | \$0.0   | \$12.0    | \$12.0         |
| Security Labor (\$000)                                       | 501           | \$1.0   | \$1.0   | \$1.2   | \$1.2   | \$1.2   | \$1.2   | \$1.2   | \$1.2   | \$1.2   | \$1.2   | \$1.2   | \$1.2     | \$14.0         |
| <hr/>  |               |         |         |         |         |         |         |         |         |         |         |         |           |                |
| <b>CUSTOMER DISPATCHABLE STANDBY GENERATOR Kaiser 1.64mw</b> |               |         |         |         |         |         |         |         | 1.64    | 1.64    | 1.64    | 1.64    | 1.64      |                |
| DG Maintenance (\$000)                                       | 501           |         |         |         |         |         |         |         | \$1.4   | \$1.4   | \$1.4   | \$1.4   | \$1.4     | \$8.8          |
| DSG Incentive (\$000)  | 501           |         |         |         |         |         |         |         | \$4.9   | \$4.9   | \$4.9   | \$4.9   | \$4.9     | \$24.8         |
| Phone (\$000)  | 501           |         |         |         |         |         |         |         | \$0.6   | \$0.6   | \$0.6   | \$0.6   | \$0.6     | \$3.2          |
| Annual source test (\$000)                                   | 501           |         |         |         |         |         |         |         | \$0.0   | \$0.0   | \$0.0   | \$0.0   | \$3.0     | \$3.0          |
| Catalyst (\$000)   | 201           |         |         |         |         |         |         |         | \$0.0   | \$0.0   | \$0.0   | \$0.0   | \$8.3     | \$8.3          |
| NCS Air Permit fee (\$000)                                   | 501           |         |         |         |         |         |         |         | \$0.0   | \$0.0   | \$0.0   | \$0.0   | \$1.5     | \$1.5          |
| Power Supply Labor (\$000)                                   | 150           |         |         |         |         |         |         |         | \$1.0   | \$1.0   | \$1.0   | \$1.0   | \$1.0     | \$5.0          |
| DSG Monitoring Software (\$000)                              | 501           |         |         |         |         |         |         |         | \$1.0   | \$1.0   | \$1.0   | \$1.0   | \$1.0     | \$5.0          |
| DSG Monitoring Labor (\$000)                                 | 150           |         |         |         |         |         |         |         | \$1.0   | \$1.0   | \$1.0   | \$1.0   | \$1.0     | \$5.0          |
| Refueling OSvs (\$000)                                       | 501           |         |         |         |         |         |         |         | \$1.1   | \$0.0   | \$1.1   | \$0.0   | \$0.0     | \$2.2          |
| Environmental Labor (\$000)                                  | 150           |         |         |         |         |         |         |         | \$0.0   | \$0.0   | \$0.0   | \$0.0   | \$2.0     | \$2.0          |
|  |               |         |         |         |         |         |         |         |         |         |         |         |           | <b>\$3,210</b> |
| 201- Materials   | \$1.5         | \$1.5   | \$1.8   | \$1.8   | \$1.8   | \$1.8   | \$1.8   | \$1.8   | \$1.8   | \$1.8   | \$1.8   | \$1.8   | \$10.1    | \$29.3         |
| 501- Outside Services  | \$22.3        | \$21.7  | \$26.0  | \$26.0  | \$26.0  | \$26.0  | \$26.0  | \$35.0  | \$33.9  | \$35.0  | \$33.9  | \$101.4 | \$413.0   | \$413.0        |
| 570 - DG Rentals   | \$190.0       | \$190.0 | \$228.0 | \$228.0 | \$228.0 | \$228.0 | \$228.0 | \$228.0 | \$228.0 | \$228.0 | \$228.0 | \$228.0 | \$2,660.0 | \$2,660.0      |
|  | \$213.8       | \$213.2 | \$255.8 | \$255.8 | \$255.8 | \$255.8 | \$255.8 | \$264.8 | \$263.7 | \$264.8 | \$263.7 | \$339.5 | \$3,102.3 | \$3,102.3      |
| 150 Labor  | \$6.0         | \$6.0   | \$7.2   | \$7.2   | \$7.2   | \$7.2   | \$7.2   | \$9.2   | \$9.2   | \$9.2   | \$9.2   | \$9.2   | \$23.2    | \$108.0        |
|  | \$219.8       | \$219.2 | \$263.0 | \$263.0 | \$263.0 | \$263.0 | \$263.0 | \$274.0 | \$272.9 | \$274.0 | \$272.9 | \$362.7 | \$3,210.3 | \$3,210.3      |
| 570 GE Taxes   | \$7.9         | \$7.9   | \$9.5   | \$9.5   | \$9.5   | \$9.5   | \$9.5   | \$9.5   | \$9.5   | \$9.5   | \$9.5   | \$9.5   | \$9.5     | \$110.9        |
| Total  | \$227.7       | \$227.1 | \$272.5 | \$272.5 | \$272.5 | \$272.5 | \$272.5 | \$283.5 | \$282.4 | \$283.5 | \$282.4 | \$372.2 | \$3,321.2 | \$3,321.2      |
| <hr/>  |               |         |         |         |         |         |         |         |         |         |         |         |           |                |
| <b>Summary - Non-Labor</b>                                   |               |         |         |         |         |         |         |         |         |         |         |         |           |                |
| 201  | \$1.5         | \$1.5   | \$1.8   | \$1.8   | \$1.8   | \$1.8   | \$1.8   | \$1.8   | \$1.8   | \$1.8   | \$1.8   | \$1.8   | \$10.1    | \$29.3         |
| 501  | \$22.3        | \$21.7  | \$26.0  | \$26.0  | \$26.0  | \$26.0  | \$26.0  | \$35.0  | \$33.9  | \$35.0  | \$33.9  | \$101.4 | \$413.0   | \$413.0        |
| 570  | \$197.9       | \$197.9 | \$237.5 | \$237.5 | \$237.5 | \$237.5 | \$237.5 | \$237.5 | \$237.5 | \$237.5 | \$237.5 | \$237.5 | \$2,770.9 | \$2,770.9      |
| TOT  | \$221.7       | \$221.1 | \$265.3 | \$265.3 | \$265.3 | \$265.3 | \$265.3 | \$274.3 | \$273.2 | \$274.3 | \$273.2 | \$349.0 | \$3,213.2 | \$3,213.2      |
| Per Unit Annual Rental                                       | \$152,000 /yr |         |         |         |         |         |         |         |         |         |         |         |           |                |



4/27/06

**HECO**  
**Production O&M - Rate Case Test Year 2007**  
**Emission Fee - Normalization Adjustment**

Per HECO 2005 TY RC - Stipulated Settlement Letter Dated 9/16/05, page 2 of 14:  
 "HECO and the DOD accept the Consumer Advocate's estimate for emission fees  
 of \$505,000, which is a \$69,000 reduction to HECO's estimate of \$574,000."  
 (Accept CA's use of 5 year experience vs. Heco's 10 year experience)

(Accr Basis)

| <u>Operating Yr</u> | <u>Fees Payable</u> | <u>Amt Exp \$000</u> |                 |
|---------------------|---------------------|----------------------|-----------------|
| 1993                | 1994                | \$602                | actual          |
| 1994                | 1995                | \$624                | actual          |
| 1995                | 1996                | \$672                | actual          |
| 1996                | 1997                | \$677                | actual          |
| 1997                | 1998                | \$649                | actual          |
| 1998                | 1999                | waived               |                 |
| 1999                | 2000                | \$677                | actual          |
| 2000                | 2001                | \$671                | actual          |
| 2001                | 2002                | waived               |                 |
| 2002                | 2003                | \$748                | actual          |
| 2003                | 2004                | waived               |                 |
| 2004                | 2005                | \$842                | actual          |
| 2005                | 2006                | \$846                | actual          |
| 2006                | 2007                | \$1,200              | forecast        |
| <b>2007 TY</b>      | <b>2008</b>         | <b>\$1,090</b>       | <b>forecast</b> |

HECO 2005 TY- 10 Yr Range for calculating normalization % (1)

HECO 2007 FULL RANGE (5)

CA 5 Yr Range for calculating normalization % (2)

CA 5 Yr Range for calculating normalization % (4)

Forecast for RC = \$820

HECO 2007 TY- 10 Yr Range for calculating normalization % (3)

- (1) 2005 TY: HECO Calc: 3/10 or 30% waived, therefore normalized amount for 2005 = \$574 (\$820\*70%). Adj=\$246
- (2) 2005 TY: CA Calc: 2/5 or 40% waived, therefore normalized amount for 2005 = \$505 (\$842\*60%)
- (3) 2007 TY: HECO Calc: 3/10 or 30% waived, therefore normalized amount for 2007 = \$763 (\$1,090\*70%). Adj=\$327
- (4) 2007 TY: CA Calc: 2/5 or 40% waived, therefore normalized amount for 2007 = \$654 (\$1,090\*60%). Adj=\$436
- (5) 2007 TY: FULL RANGE (New appr) 3/13 or 23% waived, therefore normalized amount for 2007 = \$839 (\$1,090\*77%). Adj=\$251

NOTE: For the 2007 calc changed from the 2005 TY calc where the amount adjusted is the amount accrued and not the amount paid in the test year.

| <u>SUMMARIZED:</u>       | <u>Adj Amt (Deduct)</u> |
|--------------------------|-------------------------|
| CA 5 YR (2005 TY Settle) | \$436                   |
| HECO 10 Yr - 2005 TY     | \$327                   |
| HECO 13 Yr Full Range    | \$251                   |

CA-IR-3  
 DOCKET NO. 2006-0386  
 HECO T-6  
 ATTACHMENT 2  
 PAGE 1 OF 1



CA-IR-3

To the extent not provided in response to CA-IR-1 or CA-IR-2, please provide complete copies of all other calculations, spreadsheet files, "pencil" workpapers, surveys, documentation and other analyses supporting each ratemaking adjustment (e.g., budget adjustments, normalizing adjustments, etc.) to projected test year expense, plant in service, accumulated depreciation, etc. being proposed by the Company, including any assumptions and adjustment instructions that were employed.

HECO Response:

The adjustments to the Transmission and Distribution Operations and Maintenance expenses were due to 1) the removal of performance incentive compensation costs; 2) the additional costs for abandoned projects; and 3) a correction for a double counting in the Customer Service Department. A discussion of the abandoned projects and the performance incentive compensation costs is provided by Ms. Patsy Nanbu in HECO T-10. See also HECO-1019 and HECO-1004 for exhibits supporting the derivation of the abandoned project costs and performance incentive compensation adjustments.

Distribution Operation Labor O&M expense was reduced by \$68,000 to correct for a double counting in the Customer Service Department. The Department duplicated its forecasted costs for revenue protection work by counting outside contractor costs and in-house labor costs for the same revenue protection work. This revenue protection function is being performed by an outside contractor. This adjustment is being made to correct for this double counting to avoid a duplication of cost and is referenced in Attachment A.



[illegible]



CA-IR-3

To the extent not provided in response to CA-IR-1 or CA-IR-2, please provide complete copies of all other calculations, spreadsheet files, "pencil" workpapers, surveys, documentation and other analyses supporting each ratemaking adjustment (e.g., budget adjustments, normalizing adjustments, etc.) to projected test year expense, plant in service, accumulated depreciation, etc. being proposed by the Company, including any assumptions and adjustment instructions that were employed.

HECO Response:

As stated in Mr. Darren Yamamoto's testimony, HECO-T-8, pages 9 and 10, three adjustments were made to the Account 903 budgeted amount. Two of the adjustments resulted in a decrease of \$74,000 in labor expense and an increase of \$63,000 in non labor expense. Attachment 1 reflects the calculation of these two adjustments. The third adjustment of \$30,000 for abandoned projects was supported in Ms. Patsy Nanbu's testimony, HECO T-10, and in her exhibit, HECO-1019.



CA-IR-3  
DOCKET NO. 2006-0386  
HECO T-8  
ATTACHMENT 1  
PAGE 1 OF 1

| Quan. | RA  | Activity | Description     | Stand.<br>Labor<br>Hrly<br>Rate | Annual<br>Hours<br>2080 | 2007 STAFFING PLAN CUSTOMER SERVICE<br>DEPARTMENT |           |          |          |          | 2007<br>Total |
|-------|-----|----------|-----------------|---------------------------------|-------------------------|---|-----------|----------|----------|----------|---------------|
|       |     |          |                 |                                 |                         | Jan   | Feb       | Mar      | Apr      | May      |               |
|       |     |          |                 |                                 |                         | 173.3   | 173.3     | 173.3    | 173.3    | 173.3    |               |
| 1     | PCA | 700      | Op Anal \$      | \$32.79                         |                         | -\$2,841  | -\$2,841  | -\$2,841 | -\$2,841 | -\$2,841 | -\$14,206     |
|       | PCA | 720      | Op Anal \$      |                                 |                         | -\$2,841  | -\$2,841  | -\$2,841 | -\$2,841 | -\$2,841 | -\$14,206     |
|       | PCA | 700      | Op Anal Hr      |                                 |                         | -86.65  | -86.65    | -86.65   | -86.65   | -86.65   |               |
|       | PCA | 729      | Op Anal Hr      |                                 |                         | -86.65  | -86.65    | -86.65   | -86.65   | -86.65   |               |
| 1     | PCH | 600      | Call Ctr Sup \$ | \$33.28                         |                         | -\$5,658  | -\$5,658  |          |          |          | -\$11,315     |
|       |     | 789      | Call Ctr Sup \$ |                                 |                         | -\$100  | -\$100    |          |          |          | -\$200        |
|       |     | 600      | Call Ctr Sup Hr |                                 |                         | -170  | -170      |          |          |          |               |
|       |     | 789      | Call Ctr Sup Hr |                                 |                         | -3  | -3        |          |          |          |               |
| 1     | PCF | 600      | Admin Assist \$ | \$23.22                         |                         | -\$1,307  | -\$1,307  | -\$1,307 | -\$1,307 | -\$1,307 | -\$6,536      |
|       |     | 604      | Admin Assist \$ |                                 |                         | -\$1,307  | -\$1,307  | -\$1,307 | -\$1,307 | -\$1,307 | -\$6,536      |
|       |     | 611      | Admin Assist \$ |                                 |                         | -\$1,108  | -\$1,108  | -\$1,108 | -\$1,108 | -\$1,108 | -\$5,538      |
|       |     | 777      | Admin Assist \$ |                                 |                         | -\$302  | -\$302    | -\$302   | -\$302   | -\$302   | -\$1,509      |
|       |     | 600      | Admin Assist Hr |                                 |                         | -56.3   | -56.3     | -56.3    | -56.3    | -56.3    |               |
|       |     | 604      | Admin Assist Hr |                                 |                         | -56.3   | -56.3     | -56.3    | -56.3    | -56.3    |               |
|       |     | 611      | Admin Assist Hr |                                 |                         | -47.7   | -47.7     | -47.7    | -47.7    | -47.7    |               |
|       |     | 777      | Admin Assist Hr |                                 |                         | -13.0   | -13.0     | -13.0    | -13.0    | -13.0    |               |
| 3     | PCP | 616      | Pay Proc Clk \$ | \$24.23                         |                         | -\$12,597   | -\$12,597 |          |          |          | -\$25,194     |
|       |     |          | Pay Proc Clk Hr |                                 |                         | -519.9  | -519.9    |          |          |          |               |
|       |     |          | sub total       |                                 |                         | -\$28,061   | -\$28,061 | -\$9,706 | -\$9,706 | -\$9,706 | -\$85,242     |
|       |     |          | STAFFING LEVELS |                                 |                         | 127   | 127       | 131      | 131      | 131      |               |
|       |     |          | Offsets OT \$   |                                 |                         |   |           |          |          |          |               |
|       |     |          | Pay Proc        | \$24.23                         |                         | \$848   | \$848     | \$848    |          |          | \$2,544       |
|       |     |          | Call Ctr        | \$24.23                         |                         | \$1,720   | \$1,720   | \$1,720  | \$1,720  | \$1,720  | \$8,602       |
|       |     |          | sub total OT    |                                 |                         |   |           |          |          |          | \$11,146      |
|       |     |          | Net Labor       |                                 |                         |   |           |          |          |          | -\$74,096     |
|       |     |          | Overtime Hrs.   |                                 |                         | hrs   | hrs       | hrs      | hrs      | hrs      |               |
|       | PCP | 616      | Pay Process     | PCP                             |                         | 35  | 35        | 35       |          |          |               |
|       | PCH | 600      | Call Center     | PCH                             |                         | 71  | 71        | 71       | 71       | 71       |               |
|       |     |          | Offset Temps    |                                 | hrs                     |   |           |          |          |          |               |
| 1     | PCF | 600      | Temp Rate       | \$15.25                         | 2080                    |   |           |          |          |          | \$31,720      |
| 1     | PCP | 616      | Temp Rate       | \$15.25                         | 2080                    |   |           |          |          |          | \$31,720      |
|       |     |          | O/S Svc         | \$15.25                         | 2080                    |   |           |          |          |          | \$63,440      |



CA-IR-3

To the extent not provided in response to CA-IR-1 or CA-IR-2, please provide complete copies of all other calculations, spreadsheet files, "pencil" workpapers, surveys, documentation and other analyses supporting each ratemaking adjustment (e.g., budget adjustments, normalizing adjustments, etc.) to projected test year expense, plant in service, accumulated depreciation, etc. being proposed by the Company, including any assumptions and adjustment instructions that were employed.

HECO Response:

Non-DSM

Refer to HECO-907 for computation of 2007 PCEA Conference normalization adjustment. Hardcopy support for non-labor amounts noted in Column A can be found at CA-IR-2 under the respective NARUC account and Responsibility Area (RA). As indicated per HECO T-9, page 10 of 67, the estimated \$47,000 of PCEA related meeting costs were averaged over two years since the event is only held once every two years. A \$24,000 normalization adjustment to reduce Customer Services O&M was then made as indicated in HECO-902.

DSM

Refer to HECO T-9, pages 2, 3 and 9, HECO-905 and HECO-906 for the breakdown of the DSM rate case adjustment for the removal of incremental DSM program expenses of \$17,472,560. The DSM rate case adjustment removes incremental DSM program costs from the test year expenses because they are recovered through the DSM surcharge.

The program modifications for the RDLC and CIDLC Programs referenced in CA-IR-2 result in a net increase in the incremental program budgets of \$334,194. However, since incremental DSM program expenses are being removed from the test year rate case there is no impact on the test year base DSM program expenses.

However, the program modifications for the CIDLC Program referenced in CA-IR-2 also result in an increase in the base rate DSM program costs of \$148,416. HECO will be increasing its test year estimate of base DSM program costs by \$148,416.



CA-IR-3

To the extent not provided in response to CA-IR-1 or CA-IR-2, please provide complete copies of all other calculations, spreadsheet files, "pencil" workpapers, surveys, documentation and other analyses supporting each ratemaking adjustment (e.g., budget adjustments, normalizing adjustments, etc.) to projected test year expense, plant in service, accumulated depreciation, etc being proposed by the Company, including any assumptions and adjustment instructions that were employed.

HECO Response:

See attached pages 2-6 for the budget adjustments made to Accounts Nos. 920 and 921. See attached page 7 for the support for the budget adjustment to Account No. 922 and attached page 8 for the support for the budget adjustment to Account No. 926020.



HAWAIIAN ELECTRIC COMPANY, INC.  
TEST YEAR 2007 (\$1000S)

Adjustments to the budget:

Account No. 920

|       |  |      |     |
|-------|--|------|-----|
| Labor | HR suites - more deferred labor costs due to timing of project | (43) | (A) |
|       | Abandoned projects - adjustment                                | 1    | (B) |

(42)

|           |                                      |         |     |
|-----------|--------------------------------------|---------|-----|
| Non-labor | performance incentive comp LTIP/EICP | (1,677) | (C) |
|           | Team merit, Individual merit         | (358)   | (C) |

(2,035)

Account No. 921

|           |                               |       |     |
|-----------|-------------------------------|-------|-----|
| Non-labor | Abandoned projects-adjustment | 5     | (B) |
|           | Service awards                | (38)  | (D) |
|           | HR suites amortization        | (30)  | (A) |
|           | HEI Incentive comp            | (414) |     |

(477)

- (A) See response to CA-IR-3 by witness HECO T-12.  
(B) See HECO-1019.  
(C) See attached page 3 of this response.  
(D) See attached page 4 of this response.  
(E) See attached pages 5-6 of this response.



N2  
Block: A & G Operation  
Account: 920

HAWAIIAN ELECTRIC COMPANY, INC.  
RATE CASE DIRECT NON-LABOR REPORT

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BLOCK OF ACCOUNT

ACCOUNT

DEPARTMENT

RA

ACTIVITY

LOCATION

EXPENSE ELEMENT

2007 Budget

A & G Operation

**920 ADMIN & GENL EXP - LABR**

P8MD Miscellaneous

P8M Miscellaneous

723 Mg Incent & Recog Pgm

PHE HECO

900 Fin Stmt Items

1,677,109

**Total P8M**

1,677,109

**Total P8MD**

1,677,109

P9PD President

P9P President

700 Dev & Adm Business Plans

PHE HECO

901 Amort of Def Debits

51,566

**Total P9P**

51,566

**Total P9PD**

51,566

P9SD SVP-En Sol

P9S Sr VP-Energy Solutions

700 Dev & Adm Business Plans

PHE HECO

901 Amort of Def Debits

9,392

**Total P9S**

9,392

**Total P9SD**

9,392

PFBD Comp & Benefits

PFC Compensation

723 Mg Incent & Recog Pgm

PHE HECO

900 Fin Stmt Items

358,000

**Total PFC**

358,000

**Total PFBD**

358,000

PP0 Industrial Relations

PPA Admin-Ind Rel

723 Mg Incent & Recog Pgm

PHE HECO

900 Fin Stmt Items

114,000

**Total PPA**

114,000

**Total PP0**

114,000



N2  
Block: A & G Operation  
Account: 921

HAWAIIAN ELECTRIC COMPANY, INC.  
RATE CASE DIRECT NON-LABOR REPORT

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BLOCK OF ACCOUNT

ACCOUNT

DEPARTMENT

RA

ACTIVITY

LOCATION

EXPENSE ELEMENT

2007 Budget

|           |                        |        |
|-----------|------------------------|--------|
| PP0       | Industrial Relations   |        |
| PPA       | Admin-Ind Rel          |        |
| 723       | Mg Incent & Recog Pgm  |        |
|           | PHE HECO               |        |
| 201       | Matl-Issues/Purchases  | 38,000 |
| 749       | Maint Rel-Ind Assoc    |        |
|           | PHE HECO               |        |
| 501       | Outside Svcs-General   | 200    |
| 765       | Empl Pol Prac Proc     |        |
|           | PHE HECO               |        |
| 201       | Matl-Issues/Purchases  | 3,400  |
| 205       | Matl-Purchasing Card   | 1,200  |
| 301       | Vehicles               | 630    |
| 501       | Outside Svcs-General   | 3,300  |
| 516       | Employee Memberships   | 225    |
| 520       | Mainland Travel        | 5,000  |
| 521       | Meals & Entertainment  | 800    |
| 522       | Interisland Travel     | 400    |
| 789       | Attend Training        |        |
|           | PHE HECO               |        |
| 501       | Outside Svcs-General   | 900    |
| 805       | Mg BU & Oth Lbr Agrmnt |        |
|           | PHE HECO               |        |
| 201       | Matl-Issues/Purchases  | 200    |
| 521       | Meals & Entertainment  | 300    |
| Total PPA |                        | 54,555 |
| PPI       | Labor Rel & Wage Adm   |        |
| 749       | Maint Rel-Ind Assoc    |        |
|           | PHE HECO               |        |
| 501       | Outside Svcs-General   | 200    |
| 789       | Attend Training        |        |
|           | PHE HECO               |        |
| 501       | Outside Svcs-General   | 2,400  |
| 805       | Mg BU & Oth Lbr Agrmnt |        |
|           | PHE HECO               |        |
| 301       | Vehicles               | 2,100  |
| 520       | Mainland Travel        | 5,000  |
| 521       | Meals & Entertainment  | 800    |
| 522       | Interisland Travel     | 600    |
| Total PPI |                        | 11,100 |
| Total PP0 |                        | 65,655 |



HAWAIIAN ELECTRIC COMPANY, INC.  
HEI BILLINGS TO HECO  
TEST YEAR 2007

HECO-1007  
DOCKET NO. 2006-0386  
PAGE 6 OF 6

Hawaiian Electric Company, Inc.  
HEI Charges to HECO  
2007 Test Year

| HECO<br>Acct No.  | HEI Activities             | 2007 Budget      | 2007 Test<br>Year Estimate | Adjustment         |
|-------------------|----------------------------|------------------|----------------------------|--------------------|
| 921               | ACC Accounting             | 32,040           | 27,975                     | (4,065)            |
| 921               | ADM Administrative         | 133,063          | 114,231                    | (18,832)           |
| 921               | ANN Annual Meeting         | 15,620           | 11,700                     | (3,920)            |
| 921               | AUD Audits                 | 5,660            | 5,115                      | (545)              |
| 921               | BOD Board of Directors     | 124,070          | 75,942                     | (48,128)           |
| 921               | BUD Budgets                | 2,730            | 1,129                      | (1,601)            |
| 921               | CON Consulting             | 142,180          | 86,423                     | (55,757)           |
| 921               | INV Investor Relations     | 303,120          | 244,052                    | (59,068)           |
| 921               | RPT Reporting              | 579,360          | 563,164                    | (16,196)           |
| 921               | STO Stock Transfer         | 307,210          | 314,289                    | 7,079              |
| 921               | TAX Tax                    | 228,220          | 190,715                    | (37,505)           |
| Total Account 921 |                            | <u>1,873,273</u> | <u>1,634,734</u>           | <u>(238,539)</u> ① |
| 926               | HUM Human Resources        | 151,300          | 39,803                     | (111,497)          |
| 926               | PEN Pension Plan           | 185,250          | 119,994                    | (65,256)           |
| Total Account 926 |                            | <u>336,550</u>   | <u>159,797</u>             | <u>(176,753)</u>   |
|                   |                            | <u>2,209,823</u> | <u>1,794,532</u>           | <u>(415,291)</u>   |
| 921               | Mgt Incent & Recog Program | 175,704          | -                          | (175,704) ①        |
|                   |                            | <u>2,385,527</u> | <u>1,794,532</u>           | <u>(590,995)</u>   |

$$\Sigma \textcircled{1} = \underline{\underline{(414,243)}}$$



N2  
Block: A & G Operation  
Account: 921

HAWAIIAN ELECTRIC COMPANY, INC.  
RATE CASE DIRECT NON-LABOR REPORT

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BLOCK OF ACCOUNT  
ACCOUNT  
DEPARTMENT  
RA

ACTIVITY  
LOCATION

| EXPENSE ELEMENT              | 2007 Budget  |
|------------------------------|--------------|
| <b>Total P&amp;VD</b>        | <b>6,800</b> |
| P9PD President               |              |
| P9P President                |              |
| 700 Dev & Adm Business Plans |              |
| PHE HECO                     |              |
| 205 Matl-Purchasing Card     | 1,800        |
| 462 IS Exp-PC Sftw Purch     | 1,777        |
| 501 Outside Svcs-General     | 151,190      |
| 516 Employee Memberships     | 9,059        |
| 520 Mainland Travel          | 21,000       |
| 521 Meals & Entertainment    | 4,900        |
| 522 Interisland Travel       | 3,920        |
| 550 Intercompany Charges     | 275,243      |
| 701 Dev & Mg Forecasts       |              |
| PHE HECO                     |              |
| 550 Intercompany Charges     | 2,730        |
| 723 Mg Incent & Recog Pgm    |              |
| PHE HECO                     |              |
| 550 Intercompany Charges     | 175,704      |
| 755 Maint Rel-BOD            |              |
| PHE HECO                     |              |
| 201 Matl-Issues/Purchases    | 180          |
| 462 IS Exp-PC Sftw Purch     | 888          |
| 501 Outside Svcs-General     | 386,000      |
| 521 Meals & Entertainment    | 19,800       |
| 522 Interisland Travel       | 35,400       |
| 550 Intercompany Charges     | 124,070      |
| 756 Maint Rel-Invest         |              |
| PHE HECO                     |              |
| 550 Intercompany Charges     | 625,950      |
| 760 Audits-Internal          |              |
| PHE HECO                     |              |
| 550 Intercompany Charges     | 5,660        |
| 789 Attend Training          |              |
| PHE HECO                     |              |
| 501 Outside Svcs-General     | 300          |
| 815 Dev Adm Acctg Pol Proc   |              |
| PHE HECO                     |              |
| 550 Intercompany Charges     | 32,040       |



HAWAIIAN ELECTRIC COMPANY, INC.  
ADMINISTRATIVE EXPENSES TRANSFERRED  
ACCOUNT 922

HECO-1011  
DOCKET NO. 2006-0386  
PAGE 2 OF 2

Subtotal from page 1

3,091

Administrative Expenses Transfer Adjustments and  
Normalizations:

|  |       |
|--|-------|
| Budget adjustment HEI Charges            | (414) |
| Performance Incentive Compensation       | (38)  |
| Abandoned Capital Project adjustment     | 5     |
| Human Resources Suite project adjustment | (30)  |

-477

Transfer Rate per updated KPMG study

X

6%

(29)

Adjustment: DSM

68

39

Administrative Expenses Transferred

\$ 3,130



HAWAIIAN ELECTRIC COMPANY, INC.  
EMPLOYEE BENEFITS TRANSFER  
ACCOUNT 926020

|   | 2007<br>(000)              | Adjustments   |             |                             |                 |                 | Adjusted 2007<br>(000)        |
|---|----------------------------|---------------|-------------|-----------------------------|-----------------|-----------------|-------------------------------|
|   |                            | Pension       | DSM         | Cust Svc delay in<br>hiring | HR Suites, etc. | Total           |                               |
| <u>Cost Pool:</u>   |                            |               |             |                             |                 |                 |                               |
| Labor to 926  | \$ 781                     |               |             |                             | -91             | -91             | \$ 690                        |
| NPW   | 106                        |               |             |                             | -12             | -12             | 94                            |
| Payroll Taxes   | 64                         |               |             |                             |                 | 0               | 64                            |
| Eng Del   | 0                          |               |             |                             |                 | 0               | 0                             |
| Corp Admin  | 93                         |               |             |                             |                 | 0               | 93                            |
| Stores  | 3                          |               |             |                             |                 | 0               | 3                             |
| Emp Ben   | 307                        |               |             |                             |                 | 0               | 307                           |
| Nonlabor  | 37,676                     | 348           |             |                             | -686            | -338            | 37,338                        |
| A   | <u>\$ 39,030</u>           | <u>\$ 348</u> | <u>\$ -</u> | <u>\$ -</u>                 | <u>\$ (789)</u> | <u>\$ (441)</u> | A1 <u>\$ 38,589</u>           |
| <u>Cost Base:</u>   |                            |               |             |                             |                 |                 |                               |
| Total Company Productive Hours                                  | 3,127                      |               |             |                             |                 | -22             | 3,105                         |
| B   | <u>3,127</u>               | <u>0</u>      | <u>-18</u>  | <u>-4</u>                   | <u>0</u>        | <u>-22</u>      | B1 <u>3,105</u>               |
| Employee Benefits rate per hour                                 | C = A ÷ B \$ 12.48         |               |             |                             |                 |                 | C1 = A1 ÷ B1 \$ 12.43         |
| Total Company Productive Hours                                  | D X 3,127                  |               |             |                             |                 |                 | D1 3,105                      |
| Employee Benefits transfer - based on total<br>productive hours | E = C X D \$ 39,026        |               |             |                             |                 |                 | E1 = C1 X D1 \$ 38,597        |
| Reversal of Employee Benefits on-cost<br>charged to O&M         | F + -27,828 2262.439       |               |             |                             |                 |                 | F1 -28,125                    |
| Employee Benefits transfer                                      | G = E + F <u>\$ 11,198</u> |               |             |                             |                 |                 | G1 = E1 + F1 <u>\$ 10,471</u> |

926020 Employee Benefits Transfer per Report D1 H1  
Adjustment to 926020 Employee Benefits Transfer J1 = H1 - G1

10,636  
\$ 165



CA-IR-3

**General Information Requests**

To the extent not provided in response to CA-IR-1 or CA-IR-2, please provide complete copies of all other calculations, spreadsheet files, "pencil" workpapers, surveys, documentation and other analyses supporting each ratemaking adjustment (e.g., budget adjustments, normalizing adjustments, etc.) to projected test year expense, plant in service, accumulated depreciation, etc. being proposed by the Company, including any assumptions and adjustment instructions that were employed.

**HECO Response:**

All provided in CA-IR-1 and CA-IR-2.



CA-IR-3

To the extent not provided in response to CA-IR-1 or CA-IR-2, please provide complete copies of all other calculations, spreadsheet files, "pencil" workpapers, surveys, documentation and other analyses supporting each ratemaking adjustment (e.g., budget adjustments, normalizing adjustments, etc.) to projected test year expense, plant in service, accumulated depreciation, etc. being proposed by the Company, including any assumptions and adjustment instructions that were employed.

HECO Response:

A listing of adjustments and normalizations made to account nos. 926000 and 926010 for the test year is at Attachment 1 with requested workpapers.



**HAWAIIAN ELECTRIC COMPANY, INC.**  
**ADMINISTRATIVE AND GENERAL EXPENSES - Employee Benefits**  
**Adjustments**  
**(\$000s)**

| <b>NARUC</b>                             | <b>2007<br/>Budget</b> | <b>Rate Case</b> | <b>Total<br/>Adjustment</b> | <b>Reference</b>   |
|--|------------------------|------------------|-----------------------------|--------------------|
| 926000 Pension - Funded                  | 17,802                 | 18,029           | 227                         | HECO-1202          |
| 926000 OPEB - FAS 106 Gross Cost Accrual | 7,276                  | 7,395            | 119                         | HECO-1205          |
| 926000 HR Suite Amortization             | 39                     | 5                | (34)                        | page 3             |
| 926000 HEI EICP                          | 337                    | 160              | (177)                       | page 2             |
| 926000 Consulting                        | 25                     | 6                | (19)                        | HECO T-12, page 28 |
| 926000 LTD                               | 517                    | 514              | (3)                         | HECO-1206          |
| Total 926000 Adjustments                 | 25,996                 | 26,109           | 113 *                       |                    |
| 926010 Total Flex Credit Less Prices     | (1,453)                | (1,446)          | 7                           | HECO-1209          |
| 926010 Medical                           | 8,511                  | 8,460            | (51)                        | HECO-1211          |
| 926010 Vision                            | 200                    | 199              | (1)                         | HECO-1213          |
| 926010 Dental                            | 1,269                  | 1,262            | (7)                         | HECO-1212          |
| 926010 Group Life                        | 1,244                  | 1,238            | (6)                         | HECO-1217          |
| 926010 HR Suite software maintenance     | 55                     | 0                | (55)                        | page 3             |
| 926010 HR Suite software on-cost         | 11                     | 83               | 72                          | page 3             |
| 926010 HR Suite consulting               | 249                    | 428              | 179                         | page 3             |
| Total 926010 Adjustments                 | 10,086                 | 10,224           | 138                         |                    |

\* Other adjustments for items deleted to limit issues not included



Hawaiian Electric Company, Inc.  
HEI Charges to HECO  
2007 Test Year

CA-IR-3  
DOCKET NO. 2006-0386  
HECO T-12  
ATTACHMENT 1  
PAGE 2 QF 3

| HECO<br>Acct No.  | HEI Activities             | 2007 Budget      | 2007 Test<br>Year Estimate | Adjustment       |
|-------------------|----------------------------|------------------|----------------------------|------------------|
| 921               | ACC Accounting             | 32,040           | 27,975                     | (4,065)          |
| 921               | ADM Administrative         | 133,063          | 114,231                    | (18,832)         |
| 921               | ANN Annual Meeting         | 15,620           | 11,700                     | (3,920)          |
| 921               | AUD Audits                 | 5,660            | 5,115                      | (545)            |
| 921               | BOD Board of Directors     | 124,070          | 75,942                     | (48,128)         |
| 921               | BUD Budgets                | 2,730            | 1,129                      | (1,601)          |
| 921               | CON Consulting             | 142,180          | 86,423                     | (55,757)         |
| 921               | INV Investor Relations     | 303,120          | 244,052                    | (59,068)         |
| 921               | RPT Reporting              | 579,360          | 563,164                    | (16,196)         |
| 921               | STO Stock Transfer         | 307,210          | 314,289                    | 7,079            |
| 921               | TAX Tax                    | 228,220          | 190,715                    | (37,505)         |
| Total Account 921 |                            | <u>1,873,273</u> | <u>1,634,734</u>           | <u>(238,539)</u> |
| 926               | HUM Human Resources        | 151,300          | 39,803                     | (111,497)        |
| 926               | PEN Pension Plan           | 185,250          | 119,994                    | (65,256)         |
| Total Account 926 |                            | <u>336,550</u>   | <u>159,797</u>             | <u>(176,753)</u> |
|                   |                            | <u>2,209,823</u> | <u>1,794,532</u>           | <u>(415,291)</u> |
| 921               | Mgt Incent & Recog Program | 175,704          | -                          | (175,704)        |
|                   |                            | <u>2,385,527</u> | <u>1,794,532</u>           | <u>(590,995)</u> |



| NARUC             | IND | EE              | Description     | RC Bud Jun | RC Bud Aug | Upd Sept | Sept vs RC Jun | Sept vs RC Aug | Revenue Requirement                    | Details for calculating amortization |
|-------------------|-----|-----------------|-----------------|------------|------------|----------|----------------|----------------|--|--------------------------------------|
| 1861              | BE  | 150             | Labor           | 91,169     | 120,240    | 65,741   |                | -54,499        |  |                                      |
| 1861              | BE  | 406             | OH              | 7,938      | 13,529     | 7,512    |                | -6,017         |  |                                      |
| 1861              | BE  | 421             | OH              | 11,811     | 15,451     | 8,580    |                | -6,871         |  |                                      |
| 1861              | BE  | 422             | OH              | 34,049     | 44,612     | 24,772   |                | -19,840        |  |                                      |
| 1861              | BE  | 423             | OH              | 7,412      | 9,836      | 5,378    |                | -4,458         |  |                                      |
| 1861              | BE  | 501             | O/S Svc         | 70,949     | 117,209    | 208,794  |                | 91,585         |  |                                      |
| 1861              | BE  | 502             | Legal           | 0          | 0          | 0        |                | 0              |  |                                      |
| Billed Exp        |     |                 |                 | 223,328    | 320,877    | 320,777  |                | -100           |  |                                      |
| 920               | NE  | 150             | Labor           | 43,887     | 53,146     | 14,311   |                | -38,835        | Patsy to update exp labor 14.3         |                                      |
| 921               | NE  | 406             | OH              | 5,229      | 8,460      | 5,830    |                | -2,630         |  |                                      |
| 921               | NE  | 421             | OH              | 5,034      | 6,062      | 1,844    |                | -4,418         |  |                                      |
| 921               | NE  | 422             | OH              | 14,513     | 17,503     | 4,748    |                | -12,755        |  |                                      |
| 921               | NE  | 423             | OH              | 3,568      | 4,347      | 1,171    |                | -3,176         |  |                                      |
| NonBill Exp       |     |                 |                 | 28,344     | 36,372     | 13,393   |                | -22,979        |  |                                      |
| 926               | NE  | 150             | Labor           | 155,628    | 210,316    | 110,538  |                | -90,758        |  | 119,558                              |
| 926               | NE  | 406             | OH              | 23,709     | 40,855     | 36,591   |                | -4,264         |  |                                      |
| 926               | NE  | 421             | OH              | 20,829     | 27,835     | 15,830   |                | -12,005        | Julie to update 626 by 646,586         | 15,830 non-prod - Holiday, vac       |
| 926               | NE  | 422             | OH              | 60,048     | 80,368     | 45,707   |                | -34,661        | & Patsy will advise Lon to pick up the |                                      |
| 926               | NE  | 423             | OH              | 12,653     | 17,204     | 9,780    |                | -7,424         |  |                                      |
| 926               | NE  | 462             | Software Oncost | 11,270     | 11,816     | 63,310   |                | 71,494         |  | 83,310                               |
| 926               | NE  | 501             | O/S Svc         | 150,811    | 249,136    | 427,887  |                | 178,761        |  | 427,897 Details above                |
| 926               | NE  | 502             | Legal           | 0          | 0          | 0        |                | 0              |  | 0                                    |
| NonBill Exp       |     |                 |                 | 434,948    | 637,530    | 738,673  |                | 101,143        |  | 646,595                              |
|                   |     |                 |                 |            |            |          |                | 1,565,904      |  |                                      |
| Non Project       | 501 | Maint Fee       |                 |            | 55,056     | 0        |                | -55,056        | Julie update                           | 0                                    |
|                   |     | Servion Consult |                 |            | 21,081     | 21,081   |                | 0              | 778 -55.1                              | 21,081                               |
|                   |     | FSA BSH Fees    |                 |            | 23,569     | 23,569   |                | 0              |  | 23,569                               |
| Total Non Project |     |                 |                 |            | 99,706     | 44,650   |                | -55,056        |  | 44,650                               |

| Amortization Adjustmt | ND        | 2007 Amortized | ND less 2007 amortized |
|-----------------------|-----------|----------------|------------------------|
| Phase 1 only          | 2,043,538 | 14,191         | 2,029,348              |

| RC Aug Amortization (P1) |     |        |               |
|--------------------------|-----|--------|---------------|
| 926                      | 776 | 38,650 | -33,683 Julie |
| 925                      | 795 | 20,053 | -19,343 Russ  |
| 921                      | 766 | 38,650 | -30,135 Patsy |
|                          |     | 97,353 | -83,162       |



CA-IR-3

**General Information Requests**

To the extent not provided in response to CA-IR-1 or CA-IR-2, please provide complete copies of all other calculations, spreadsheet files, "pencil" workpapers, surveys, documentation and other analyses supporting each ratemaking adjustment (e.g., budget adjustments, normalizing adjustments, etc.) to projected test year expense, plant in service, accumulated depreciation, etc. being proposed by the Company, including any assumptions and adjustment instructions that were employed.

**HECO Response:**

Please see Attachment 1 for support of each ratemaking adjustment. All documentation has been provided in Exhibits as noted in Attachment 1 or in responses to CA-IR-1 and CA-IR-2.



Miscellaneous A&G Expenses  
Summary Budget and Normalization Adjustments

CA-IR-3  
DOCKET NO. 2006-0386  
HECO T-13  
ATTACHMENT 1  
PAGE 1 OF 2

| NARUC | Reference   | Budget Adjustment | Normalization Adjustment | Description  |
|-------|---|-------------------|--------------------------|--|
| 928   | Exhibit HECO-1303, Page 1, Note (1)   | (198)             |                          | Excluded unamortized 2005 TY regulatory costs.                     |
| 928   | Exhibit HECO-1303, Page 1, Note (2)   |                   | 283                      | Normalized 2007 TY regulatory costs over 3-year period.            |
| 9302  | Exhibit HECO-1304, Page 3, Note (1)   | (5)               |                          | Removed disallowed AUW costs.                                      |
| 9302  | Exhibit HECO-1304, Page 5, Asterisk   | (87)              |                          | Excluded government lobbying-type costs.                           |
| 931   | Exhibit HECO-1305, and B. Tamashiro's (T-13) Response to CA-IR-2, Attachment 11-P               | 53                |                          | Included Waterhouse building Suite 506 lease.                      |
| 931   | Exhibit HECO-1305, and B. Tamashiro's (T-13) Response to CA-IR-2, Attachment 11-M               | 57                |                          | Included ASB Tower 8th Floor office lease.                         |
| 931   | Exhibit HECO-1305, Page 2, Note (5)   | 47                |                          | Included ASB Tower 8th Floor training room allocation.             |
| 931   | Exhibit HECO-1305, Page 2, Note (6)   | 57                |                          | Included South Street reclass from NARUC 454.                      |
| 931   | Exhibit HECO-1305, Page 2, Note (5)   | (472)             |                          | Excluded entire ASB Tower 8th Floor lease.                         |
| 931   | None  | (4)               |                          | Excluded certain miscellaneous costs.                              |
| 932   | Exhibit HECO-1306, Page 1, and B. Tamashiro's (T-13) Response to CA-IR-2, Attachment 14, Page 2 | (150)             |                          | Project scope changed.   |
| 932   | Exhibit HECO-1306, Page 1, Note (1) and attached.   |                   | (382)                    | Normalized to a reasonable level of future non-recurring projects. |
|       | Exhibit HECO-1301   | (702)             | (99)                     |  |



2007 + 2008 R+M Projects (Source: C. F. J. WARR)

| 2007  | Amount      | Comments   |
|---|-------------|--|
| P0001116 - Archer Roof                              | \$198,000   |  |
| P0001286 - Ward Covered Level Pkg Improvements (2)  | \$254,000   | \$15K for concrete repairs; \$80K to coat deck and parapet walls (this est was originally based on the entire covered area. We decided to downsize the amount of area coated. Will coat only perimeter stalls and not the entire deck) |
| HF PM15_ - Ward Ramp Walls                          | \$36,000    |  |
| HF PM16_ - Ward Warehouse - Stairwell Ext/Int (3)   | \$101,000   |  |
| HF PM17_ - Ward Warehouse - Replace Fire Doors      | \$53,000    | \$24,000 for 2008  |
| P0001291 - Ward Parking Roof Level Improvements (1) | \$515,000   | \$20K for concrete repairs \$231K and \$21K for coating deck and parapet walls; \$27K for repair old light fixtures and \$81K to replace expansion joint = \$380K  |
| Ward Café Roof                                      | \$85,000    |  |
| P0000852 - Ward 04 Warehouse Roof                   | \$113,000   |  |
|   |             |  |
|   |             |  |
| Total   | \$1,355,000 |  |

| Future projects - 2008 and beyond         | Estimate  | Comments                  |
|---|-----------|---------------------------|
| Cafeteria Deck Coating (4)                | \$7,000   | (1)                       |
| Waterproof Ward I & II exterior (5)       | \$59,575  |                           |
| King St - Exterior painting/waterproofing | \$351,000 | In 2008 budget - O&M      |
| Replace Fleet Roof                        | \$350,000 | In 2008 budget as capital |
| Resurface Ward Facilities                 |           |                           |
| Waterproof Archer sub exterior            |           |                           |
| Ward Bsm't water penetration              |           |                           |
| King St Bsm't water penetration           |           |                           |
| Substation Roofs                          |           |                           |
| Kahe Roof                                 |           |                           |
|   |           |                           |
|   |           |                           |
| Total                                     |           |                           |

ESTIMATED 2008 MAINTENANCE R+M PROJECTS:

\$ 417,575



CA-IR-3

To the extent not provided in response to CA-IR-1 or CA-IR-2, please provide complete copies of all other calculations, spreadsheet files, "pencil" workpapers, surveys, documentation and other analyses supporting each ratemaking adjustment (e.g., budget adjustments, normalizing adjustments, etc.) to projected test year expense, plant in service, accumulated depreciation, etc. being proposed by the Company, including any assumptions and adjustment instructions that were employed.

HECO Response:

Support for ratemaking adjustments to employee counts is provided by the witness that supports the associated direct labor expenses in his/her response to this IR.



CA-IR-3

To the extent not provided in response to CA-IR-1 or CA-IR-2, please provide complete copies of all other calculations, spreadsheet files, "pencil" workpapers, surveys, documentation and other analyses supporting each ratemaking adjustment (e.g., budget adjustments, normalizing adjustments, etc.) to projected test year expense, plant in service, accumulated depreciation, etc. being proposed by the Company, including any assumptions and adjustment instructions that were employed.

HECO Response:

With respect to the testimony of witness HECO T-15, all supporting workpapers and calculations were included in the December 22, 2006 filing of the Company's Application, Direct Testimonies, Exhibits and Workpapers.



CA-IR-3

To the extent not provided in response to CA-IR-1 or CA-IR-2, please provide complete copies of all other calculations, spreadsheet files, "pencil" workpapers, surveys, documentation and other analyses supporting each ratemaking adjustment (e.g., budget adjustments, normalizing adjustments, etc.) to projected test year expense, plant in service, accumulated depreciation, etc. being proposed by the Company, including any assumptions and adjustment instructions that were employed.

HECO Response:

See Attachment 1 for workpapers in support of Customer Advance adjustments of \$275,000 and \$758,000, as shown on HECO-WP-1609.



**CUSTOMER INSTALLATIONS DEPARTMENT  
CUSTOMER ADVANCE ADJUSTMENTS  
ADJUSTMENTS TO RECEIPTS**

| A/C#                                   | PROJECT NAME                       | RL | REQ#  | START  | CUST ADV<br>RECEIVED | Adjustment | Adj Rounded    |
|--|------------------------------------|----|-------|--------|----------------------|------------|----------------|
| <b>ADJUSTMENTS TO RECEIPTS</b>         |                                    |    |       |        |                      |            |                |
| <b>2001</b>                            |                                    |    |       |        |                      |            |                |
| 1178                                   | Voice Stream Wahiawa               | 13 | 7264  | Mar-01 | \$ 15,408            |            |                |
| 1180                                   | US Filter                          | 13 | 8370  | Apr-01 | \$ 35,515            | 35,515     |                |
| 1179                                   | Ocean Point Phase 1C Subdiv        | 13 | 1370  | Apr-01 | \$ 1,770             |            |                |
| 1169                                   | Ocean Point Phase 1C Subdiv        | 13 | 3731  | Apr-01 | \$ 28,949            |            |                |
| 1181                                   | Kaluanui                           | 13 | 3146  | May-01 | \$ 867               |            |                |
| 1182                                   | Waimanalo Kupuna Housing           | 13 | 4963  | May-01 | \$ 2,550             |            |                |
| 1169                                   | Ocean Point Phase 1C Infrastructur | 13 | 1370  | Jun-01 | \$ 28,948            |            |                |
| 1183                                   | Kalamakuu Subdivision              | 13 | 6594  | Aug-01 | \$ 1,920             |            |                |
| 1184                                   | SOH DOT Interstate H1              | 13 | 15208 | Aug-01 | \$ 668               |            |                |
| 1185                                   | Domestic Fishing Vlg P36-38        | 13 | 374   | Oct-01 | \$ 33,981            |            |                |
| 1186                                   | Mililani Mauka MF 107 PhA          | 13 | 15475 | Oct-01 | \$ 2,750             |            |                |
| 1187                                   | Amfac Industrial Subd Ph1B         | 13 | 6419  | Nov-01 | \$ 111,829           | 111,829    |                |
|  | Sub-total 2001 Adjustment          |    |       |        | \$ 265,155           | \$ 147,344 | \$ 150,000     |
| <b>2002</b>                            |                                    |    |       |        |                      |            |                |
| 1188                                   | Brookfield Homes M/F Subd          | 13 | 8958  | Jan-02 | \$ 8,040             |            |                |
| 1189                                   | Garst Seeds                        | 13 | 15768 | Feb-02 | \$ 4,802             |            |                |
| 1190                                   | Kaunala Beach Lot Subd             | 13 | 15990 | Feb-02 | \$ 9,336             |            |                |
| 1191                                   | Medeiros Trucking Inc              | 13 | 821   | Apr-02 | \$ 726               |            |                |
| 1192                                   | The Peninsula Ph 1A,1B,2A          | 13 | 12800 | Apr-02 | \$ 2,375             |            |                |
| 1193                                   | Central Oahu Rgnl Pk Ph2           | 13 | 14438 | Apr-02 | \$ 49,732            |            |                |
| 1194                                   | PVT Land Co Ltd                    | 13 | 18130 | May-02 | \$ 6,039             |            |                |
| 1195                                   | Kaluanui M/F Development           | 13 | 16266 | Aug-02 | \$ 2,610             |            |                |
| 1166                                   | Kapolei City Road "D" Ext          | 13 | 1314  | Sep-99 | \$ 12,612            |            |                |
| 1197                                   | Dole Plant Train Maint BI          | 13 | 18440 | Dec-02 | \$ 7,833             |            |                |
| 1198                                   | Operating Eng Loc Un#3             | 13 | 19508 | Dec-02 | \$ 88,233            | 50,000     | 50,000         |
|  | Sub-total 2002 Adjustment          |    |       |        | \$ 192,338           | \$ 50,000  | \$ 50,000      |
| <b>2004</b>                            |                                    |    |       |        |                      |            |                |
| 1207                                   | Operating Eng - Infrastruc         | 13 | 30453 | Mar-04 | \$ 21,522            | 21,522     | 20,000         |
| 1208                                   | Kaala Ranch                        | 13 | 32312 | Jun-04 | \$ 27,228            | 27,228     | 20,000         |
| 1190                                   | Kaunala Beach Lot Subdivision      | 13 | 15990 | Jun-04 | \$ 37,347            | 37,347     | 35,000         |
| 1209                                   | Kapolei City Road "E"              | 13 | 22874 | Jul-04 | \$ 10,074            |            |                |
| 1210                                   | Chevron                            | 13 | 29100 | Jul-04 | \$ 2,841             |            |                |
| 1211                                   | Chevron                            | 13 | 29101 | Jul-04 | \$ 3,750             |            |                |
| 1212                                   | Glover Warehouse                   | 13 | 28371 | Aug-04 | \$ 13,618            |            |                |
| 1213                                   | Michael Heydt                      | 14 | 35931 | Dec-04 | \$ 4,772             |            |                |
| 1214                                   | David Thielen                      | 14 | 36491 | Dec-04 | \$ 7,307             |            |                |
|  | Sub-total 2004 Adjustment          |    |       |        | \$ 128,459           | \$ 86,097  | \$ 75,000      |
| <b>Grand Total Receipts Adjustment</b> |                                    |    |       |        |                      | <b>\$</b>  | <b>275,000</b> |



**CUSTOMER INSTALLATIONS DEPARTMENT  
CUSTOMER ADVANCE ADJUSTMENTS  
ADJUSTMENTS TO REFUNDS**

| A/C#                                 | PROJECT NAME                       | RL | REQ#   | START  | REFUNDS<br>RECEIVED | Adjustment | Adjustment<br>Rounded |
|--------------------------------------|------------------------------------|----|--------|--------|---------------------|------------|-----------------------|
| <b>ADJUSTMENTS TO REFUNDS</b>        |                                    |    |        |        |                     |            |                       |
| <b>2001</b>                          |                                    |    |        |        |                     |            |                       |
| 1551                                 | Independent Living Apt             | 13 | 236355 | Sep-98 | \$ 1,776            |            |                       |
| 1034                                 | Mililani Mauka Wtr Sys             | 13 | 188116 | Oct-93 | \$ 135,050          | 90,000     |                       |
| 1047                                 | Point, The Hi Loa Rdg 7B           | 13 | 169159 | Apr-94 | \$ 26,547           |            |                       |
| 1057                                 | Ewa Villages A&B                   | 13 | 190271 | May-94 | \$ 101,892          | 57,000     |                       |
| 1114                                 | Waihuna Village 4                  | 13 | 204110 | Jan-96 | \$ 1,950            |            |                       |
| 1121                                 | Yamada, Alan                       | 13 | 218854 | Mar-96 | \$ 104              |            |                       |
| 1143                                 | Pukele Townhouse Estates           | 13 | 234326 | Mar-98 | \$ 217              |            |                       |
| 1145                                 | Ewa Marina Ph1A Subdiv             | 13 | 226886 | Jul-98 | \$ 1,679            |            |                       |
| 1147                                 | Mililani Mauka Cmcl DevB           | 13 | 231616 | Jul-98 | \$ 7,356            |            |                       |
| 1153                                 | Waialele 15 Cluster                | 13 | 235103 | Feb-99 | \$ 3,900            |            |                       |
| 1158                                 | Ewa Town Center                    | 13 | 347    | Apr-99 | \$ 50,580           | 5,000      |                       |
| 1159                                 | Young Building                     | 14 | 365    | Apr-99 | \$ 360              |            |                       |
| 1161                                 | US Army Battery Harlow             | 13 | 1057   | May-99 | \$ 4,807            |            |                       |
| 1164                                 | Ewa Marina Ph1B Subdiv             | 13 | 457    | Sep-99 | \$ 3,575            |            |                       |
| 1168                                 | King Street Apartments             | 14 | 54     | Oct-99 | \$ 8,190            |            |                       |
| 1174                                 | Palehua Terrace Ph 1               | 13 | 222    | May-00 | \$ 2,520            |            |                       |
| 1071                                 | Mililani Mauka MF105               | 13 | 195661 | Jul-94 | \$ 2,262            |            |                       |
| 1169                                 | Ocean Pointe Ph1C Infrastruc       | 13 | 3731   | Nov-99 | \$ 68,385           | 23,000     |                       |
| 1179                                 | Ocean Pointe Ph1C Subdiv           | 13 | 3731   | Apr-07 | \$ 1,770            |            |                       |
|                                      | Sub-total 2001 Adjustment          |    |        |        | \$ 422,920          | \$ 175,000 | \$ 180,000            |
| <b>2002</b>                          |                                    |    |        |        |                     |            |                       |
| 1084                                 | Kapolei Infrastructure             | 13 | 203412 | Dec-94 | \$ 150,226          | 110,000    |                       |
| 1182                                 | Waimanalo Kupuna Housing           | 13 | 4963   | May-07 | \$ 2,550            |            |                       |
| 1123                                 | Waihuna Village III                | 13 | 206439 | Apr-96 | \$ 2,184            |            |                       |
| 1156                                 | Venture 949                        | 14 | 624    | Mar-99 | \$ 2,442            |            |                       |
| 1170                                 | Kaneohe Elderly Housing            | 14 | 35     | Jan-00 | \$ 6,750            |            |                       |
| 1181                                 | Kaluanui                           | 13 | 3146   | May-01 | \$ 867              |            |                       |
| 1134                                 | Women's Correctional Facility      | 13 | 195275 | Feb-97 | \$ 90,000           | 45,000     |                       |
|                                      | Sub-total 2002 Adjustment          |    |        |        | \$ 255,019          | \$ 155,000 | \$ 178,000            |
| <b>2006</b>                          |                                    |    |        |        |                     |            |                       |
| 1138                                 | Kapolei City - Road D              | 13 | 193006 |        | \$ 11,144           |            |                       |
| 1155                                 | Waikpahu Mill Devel-Ph1A           | 13 | P316   |        | \$ 98,976           | 98,976     |                       |
| 1185                                 | Domestic Comm'l Fishing Vlg Pier 3 | 13 | P374   |        | \$ 33,981           |            |                       |
| 1191                                 | Medeiros Trucking Inc              | X  | P821   |        | \$ 726              |            |                       |
| 1166                                 | Kapolei City- Road D Extension     | X  | P1314  |        | \$ 15,765           |            |                       |
| 1176                                 | Central Oahu Regional Park-Kam H   | X  | P4416  |        | \$ 187,421          | 187,421    |                       |
| 1187                                 | AMFAC Indus Subdiv Ph 1B           | X  | P6419  |        | \$ 111,829          | 111,829    |                       |
| 1188                                 | Brookfield Homes M/F Subdiv        | X  | P8958  |        | \$ 8,040            |            |                       |
| 1192                                 | The Peninsula Ph 1A, 1B, 2A        | X  | P12800 |        | \$ 2,375            |            |                       |
| 1193                                 | Central Oahu Regional Pk-Kam HY    | X  | P14438 |        | \$ 49,732           |            |                       |
| 1195                                 | Kaluanui MF Development            | X  | P16266 |        | \$ 2,610            |            |                       |
| 1201                                 | Mililani Mauka MF107 PH B          | X  | P23894 |        | \$ 3,600            |            |                       |
| 1212                                 | Glover Warehouse                   |    | P28371 |        | \$ 13,618           |            |                       |
| 1207                                 | Oper Engineers-Infrastructure      |    | P30453 |        | \$ 21,522           |            |                       |
|                                      | Sub-total 2006 Adjustment          |    |        |        | \$ 561,339          | \$ 398,226 | \$ 400,000            |
| <b>Grand Total Refund Adjustment</b> |                                    |    |        |        |                     | <b>\$</b>  | <b>758,000</b>        |



CA-IR-3

To the extent not provided in response to CA-IR-1 or CA-IR-2, please provide complete copies of all other calculations, spreadsheet files, "pencil" workpapers, surveys, documentation and other analyses supporting each ratemaking adjustment (e.g., budget adjustments, normalizing adjustments, etc.) to projected test year expense, plant in service, accumulated depreciation, etc. being proposed by the Company, including any assumptions and adjustment instructions that were employed.

HECO Response:

Rate base items presented in HECO T-17 are generally provided by other witnesses. These items may reflect ratemaking adjustments which are presented by the applicable witness in their testimony. Support for ratemaking adjustments has been provided in the workpapers supporting T-17 or will be provided by the applicable witness in their response to this IR.



CA-IR-3

To the extent not provided in response to CA-IR-1 or CA-IR-2, please provide complete copies of all other calculations, spreadsheet files, "pencil" workpapers, surveys, documentation and other analyses supporting each ratemaking adjustment (e.g., budget adjustments, normalizing adjustments, etc.) to projected test year expense, plant in service, accumulated depreciation, etc. being proposed by the Company, including any assumptions and adjustment instructions that were employed.

HECO Response:

This witness does not sponsor test year expense or rate base estimates and therefore has no response to this request.



CA-IR-3

To the extent not provided in response to CA-IR-1 or CA-IR-2, please provide complete copies of all other calculations, spreadsheet files, "pencil" workpapers, surveys, documentation and other analyses supporting each ratemaking adjustment (e.g., budget adjustments, normalizing adjustments, etc.) to projected test year expense, plant in service, accumulated depreciation, etc. being proposed by the Company, including any assumptions and adjustment instructions that were employed.

HECO Response:

This witness does not sponsor test year expense or rate base estimates and therefore has no response to this request.



CA-IR-3

To the extent not provided in response to CA-IR-1 or CA-IR-2, please provide complete copies of all other calculations, spreadsheet files, "pencil" workpapers, surveys, documentation and other analyses supporting each ratemaking adjustment (e.g., budget adjustments, normalizing adjustments, etc.) to projected test year expense, plant in service, accumulated depreciation, etc. being proposed by the Company, including any assumptions and adjustment instructions that were employed.

HECO Response:

This witness does not sponsor test year expense or rate base estimates and therefore has no response to this request.



CA-IR-4

**Ref. Workpapers for HECO-2301 & HECO-2302.**

The spreadsheet files supporting the above referenced workpapers include "links" to spreadsheet files "PInput Curr Eff Rates.xls" and "Pinput.xls," respectively. Please provide a copy of these spreadsheet files.

**HECO Response:**

The spreadsheets listed below support exhibits HECO-2301 & HECO-2302, and are provided as electronic files only:

1. PInput.xls
2. PBase Curr Eff Rates.xls
3. PBase.xls
4. PInput Curr Eff Rates.xls



CA-IR-5

Please provide copies of the following documents for HEI and/or HECO:

- a. 2006 Annual Report to Stockholders;
- b. 2006 Statistical Supplement to Annual Report;
- c. 2006 Form 10-K;
- d. Prospectus for most recent public offering of common stock;
- e. Prospectus for most recent public offering of long-term debt; and
- f. Prospectus for most recent public offering of preferred stock or hybrid securities.

HECO Response:

The requested information (pages 3 to 709) is voluminous and is available for inspection at HECO's Regulatory Affairs Division office, Suite 1301, Central Pacific Plaza, 220 South King Street, Honolulu, Hawaii. Please contact Dean Matsuura at 543-4622 to make arrangements to inspect the requested information:

- a. 2006 Annual Report to Stockholders (pages 3 to 163);
- b. 2006 Statistical Supplement to Annual Report (pages 164 to 189);
- c. 2006 Form 10-K (pages 190 to 496);
- d. Prospectus Supplement for Hawaiian Electric Industries, Inc. (HEI) most recent public offering of 2,000,000 shares of Common Stock (pages 497 to 560);
- e. Prospectus for Hawaiian Electric Industries, Inc. (HEI) \$300,000,000 Medium-Term Notes, Series D and the Pricing Supplement No. 4 dated August 3, 2006; the Official Statement for \$140,000,000 Special Purpose Revenue Bonds, Series 2007A, and \$125,000,000 Special Purpose Revenue Bonds, Refunding Series 2007B issued for the



- benefit of Hawaiian Electric Company, Inc. and Subsidiaries (pages 561 to 646); and
- f. Prospectus for Hawaiian Electric Company, Inc. most recent public offering of Preferred Securities, Series 2004 QUIPS (pages 647 to 709). Hawaiian Electric Industries, Inc. (HEI) does not have any public offering of preferred stock or hybrid securities outstanding. However, HEI did have a hybrid security that was fully redeemed on April 16, 2004.



CA-IR-5

Please provide copies of the following documents for HEI and/or HECO:

- a. 2006 Annual Report to Stockholders;
- b. 2006 Statistical Supplement to Annual Report;
- c. 2006 Form 10-K;
- d. Prospectus for most recent public offering of common stock;
- e. Prospectus for most recent public offering of long-term debt; and
- f. Prospectus for most recent public offering of preferred stock or hybrid securities.

HECO Response:

The documents requested in a, b, and c are not available at this time. Copies of these documents will be provided after these reports have been issued.

The requested information for items d, e, and f are voluminous and are available for inspection at HECO's Regulatory Affairs Division office, Suite 1301, Central Pacific Plaza, 220 South King Street, Honolulu, Hawaii. Please contact Dean Matsuura at 543-4622 to make arrangements to inspect the requested information:

- d. Prospectus Supplement for Hawaiian Electric Industries, Inc. (HEI) most recent public offering of 2,000,000 shares of Common Stock;
- e. Prospectus for Hawaiian Electric Industries, Inc. (HEI) \$300,000,000 Medium-Term Notes, Series D and the Pricing Supplement No. 4 dated August 3, 2006; and
- f. Prospectus for Hawaiian Electric Company, Inc. most recent public offering of Preferred Securities, Series 2004 QUIPS. Please note that Hawaiian Electric Industries, Inc. (HEI) does not have any public offering of preferred stock or hybrid securities outstanding.



However, HEI did have a hybrid security that was fully redeemed on April 16, 2004.

Please note that a copy of the Official Statement for \$47,000,000 Special Purpose Revenue Bonds, Refunding Series 2005A issued for the benefit of Hawaiian Electric Company, Inc. and Subsidiaries, was filed with the Commission and a copy provided to the Consumer Advocate in Docket No. 04-0303, Exhibit 1 to the March 11, 2005 filing.



CA-IR-6

Please provide copies of all reports prepared by rating agencies that describe HEI and/or HECO for the period 2001 to the present.

HECO Response:

Please refer to HECO's responses filed in CA-IR-102 and CA-RIR-6 of Docket No. 04-0113 (HECO's 2005 Test Year Rate Case) for the available reports prepared by rating agencies for the period 2001 to 2004. The requested information for the available reports for the period 2005 to the present is voluminous and is available for inspection at HECO's Regulatory Affairs Division office, Suite 1301, Central Pacific Plaza, 220 South King Street, Honolulu, Hawaii. Please contact Dean Matsuura at 543-4622 to make arrangements to inspect the requested information.

Note: Most (if not all) of the information requested is copyrighted. The copies are being provided under the "fair use" exception to the copyright laws. Any copies made of the requested information are subject to the copyright laws.



CA-IR-7

Please provide copies of all reports prepared by security analysts that describe HEI for the period 2001 to the present.

HECO Response:

Please refer to HECO's responses filed in CA-IR-103 and CA-RIR-7 of Docket No. 04-0113 (HECO's 2005 Test Year Rate Case) for the reports prepared by security analysts that evaluate HEI for the period 2001 to 2004. The requested information for reports by security analysts that describe HEI for the period 2005 to the present that we are aware of is voluminous and is available for inspection at HECO's Regulatory Affairs Division office, Suite 1301, Central Pacific Plaza, 220 South King Street, Honolulu, Hawaii. Please contact Dean Matsuura at 543-4622 to make arrangements to inspect the requested information.

Note: Most (if not all) of the information requested is copyrighted. The copies are being provided under the "fair use" exception to the copyright laws. Any copies made of the requested information are subject to the copyright laws.



CA-IR-8

Please provide a schedule that shows the capital structures for HEI (consolidated), HECO (consolidated), HECO (Oahu only), MECO, and HELCO for the period 2002 – 2006 and for the test period in this proceeding.

HECO Response:

Please refer to HECO's responses filed to CA-IR-101, 492, 493, and 494 in Docket No. 04-0113 (HECO's 2005 Test Year Rate Case) for the 2001-2004 information, and HELCO's response filed to CA-IR-207 in Docket No. 05-0315 (HELCO's 2006 Test Year Rate Case) for the 2005 information being requested.

The 2006 capital structures for Hawaiian Electric Industries, Inc. (consolidated), Hawaiian Electric Company (HECO), Maui Electric Company (MECO), and Hawaii Electric Light Company (HELCO) are provided on Attachment A. This same information was previously provided in response to CA-IR-7, page 4, in the MECO Rate Case (Docket No. 2006-0387) on April 23, 2007.

HECO objects to providing the 2007 forecast capital structures for HECO (consolidated) and HECO (Oahu only), except under protective order. The information is privileged commercial and financial information which is maintained as non-public, confidential information. Without waiving its objection, the Company submitted the information on May 16, 2007 on page 4 of the response to CA-IR-8 (revised 5/16/07) pursuant to Amended Protective Order No. 23378, dated June 4, 2007. HECO objects to providing the requested forecast capital structures for MECO and HELCO for 2007, even under protective order, on the grounds that such information is not relevant to this docket. (The financial information is privileged commercial and financial information, and the unprotected disclosure of the information could



trigger broader release of the information. Note that the 2007 forecast capital structure for HECO Consolidated is presented in the 2006 Statistical Supplement and Utility Forecast, of which a copy was provided to the Consumer Advocate on April 23, 2007 in response to CA-IR-5.)

HECO objects to providing the requested forecast capital structures for Hawaiian Electric Industries, Inc. (consolidated) for 2007, even under protective order, on the grounds that:

(1) The requested information is privileged commercial and financial information, which is maintained by HEI and its subsidiaries as non-public, confidential information.

(2) The disclosure of HEI forecast information from which income and earnings information (such as retained earnings) could be derived, could trigger requirements under the rules and guidelines of the Securities and Exchange Commission and/or the New York Stock Exchange that information that would be meaningful to an investor (such as earnings estimates) be released to all investors, if the information is disclosed beyond a limited number of "insiders". Forecasts of earnings, etc. are the types of information that, if selectively released, could violate such requirements.

(3) Such information is not relevant to this docket. While HEI is the parent of HECO, the Commission generally has ruled that HEI, as a diversified holding company, is not an appropriate proxy for HECO or its utility subsidiaries in determining their cost of capital. (See Decision and Order No. 11317 in Docket No. 6531 (HECO's 1990 Test Year) and Decision and Order No. 10993 in Docket No. 6432 (HELCO's 1990 Test Year).)

(4) HECO is providing the forecast utility information that HECO and its subsidiaries are required to provide under the Commission's rules. (The Commission's rules specify where



five-year utility forecasts are required.) In accordance with the Commission's rules, the utilities provide the Commission and the CA with five-year capital expenditures budget which are due by January 1 of each year, pursuant to paragraph 2.3(g)(1) of General Order No. 7. On December 21, 2006, the Commission granted HECO and its subsidiaries an extension to file their capital expenditures reports no later than March 2, 2007, which is after the Form 10-K is filed. The most recent five-year capital expenditures budget was filed with the Commission on March 1, 2007. HECO and its subsidiaries also provide five-year financing plans in financing dockets (unless the requirement is waived). See Exhibits 3-7 filed January 13, 2006 in Docket No. 05-0330 pursuant to Protective Order No. 22718 (January 12, 2006) for the most recent five-year financing plans filed with the Commission.



**For Year Ended December 31, 2007 (FORECAST)**

**Capital Structure Ratios**

Fest Yr ended December 31, 2007

Short-Term Debt

Long-Term Debt

Hybrid Securities

Preferred Stock

Common Equity

HECO (Oahu only)

HECO Consolidated

**Supporting Data for Capital Structure Ratios**  
**(\$ in thousands)**

Fest Yr ended December 31, 2007

Short-Term Debt

Long-Term Debt

Hybrid Securities

Preferred Stock

Common Equity

HECO (Oahu only)

HECO Consolidated



**For Year Ended December 31, 2006**

Capital Structure Ratios

| Year ended December 31, 2006           | HEI           |
|--|---------------|
| Short-term borrowings--other than bank | 7.2%          |
| Hybrids                                | 0.0%          |
| Long-term debt--other than bank        | 46.5%         |
| Preferred stock of subsidiaries        | 1.4%          |
| Common equity                          | 44.9%         |
|  | <u>100.0%</u> |

Supporting Data for Capital Structure Ratios  
(\$ in thousands)

| Years ended December 31, 2006          | HEI                |
|--|--------------------|
| Short-term borrowings--other than bank | \$176,272          |
| Hybrids                                | 0                  |
| Long-term debt--other than bank        | 1,133,185          |
| Preferred stock of subsidiaries        | 34,293             |
| Common equity                          | 1,095,240          |
|  | <u>\$2,438,990</u> |

Source: Hawaiian Electric Industries, Inc. Form 10-K for the fiscal year ended December 31, 2006, page 98.

| Year ended December 31, 2006 | HECO          | HELCO         | MECO          | RHI           | HECO Consolidated |
|------------------------------|---------------|---------------|---------------|---------------|-------------------|
| Short-term borrowings        | 5.1%          | 13.6%         | 1.4%          | 0.0%          | 6.0%              |
| Hybrids                      | 2.6%          | 2.8%          | 2.8%          | 0.0%          | 2.8%              |
| Long-term debt               | 39.1%         | 33.4%         | 40.4%         | 0.0%          | 38.2%             |
| Preferred stock              | 1.9%          | 1.9%          | 1.4%          | 0.0%          | 1.8%              |
| Common equity                | 51.3%         | 48.3%         | 54.0%         | 100.0%        | 51.2%             |
|                              | <u>100.0%</u> | <u>100.0%</u> | <u>100.0%</u> | <u>100.0%</u> | <u>100.0%</u>     |

Supporting Data for Capital Structure Ratios  
(\$ in thousands)

| Years ended December 31, 2006 | HECO               | HELCO            | MECO             | RHI          | HECO Consolidated  |
|-------------------------------|--------------------|------------------|------------------|--------------|--------------------|
| Short-term borrowings         | \$58,707           | \$49,400         | \$5,000          | \$0          | \$113,107          |
| Hybrids                       | 30,000             | 10,000           | 10,000           | 0            | 51,546             |
| Long-term debt                | 449,694            | 121,046          | 143,899          | 0            | 714,639            |
| Preferred stock               | 22,293             | 7,000            | 5,000            | 0            | 34,293             |
| Common equity                 | 590,608            | 175,099          | 192,231          | 265          | 958,203            |
|                               | <u>\$1,151,302</u> | <u>\$362,545</u> | <u>\$356,130</u> | <u>\$265</u> | <u>\$1,871,788</u> |

Note: HECO (Oahu only)'s hybrids and long-term debt excludes \$1,546K, which represents HECO's capital investment in HECO Capital Trust III, however, the \$1,546K investment is reflected in the Hybrids for HECO Consolidated.

Source: Hawaiian Electric Industries, Inc. Form 10-K for the fiscal year ended December 31, 2006, HECO Exhibit 99.4 page 36.



CA-IR-8

Please provide a schedule that shows the capital structures for HEI (consolidated), HECO (consolidated), HECO (Oahu only), MECO, and HELCO for the period 2002 – 2006 and for the test period in this proceeding.

HECO Response:

Please refer to HECO's responses filed to CA-IR-101, 492, 493, and 494 in Docket No. 04-0113 (HECO's 2005 Test Year Rate Case) for the 2001-2004 information and HELCO's response filed to CA-IR-207 in Docket No. 05-0315 (HELCO's 2006 Test Year Rate Case) for the 2005 information being requested.

The 2006 capital structures for Hawaiian Electric Industries, Inc. (consolidated), Hawaiian Electric Company (HECO), Maui Electric Company (MECO), and Hawaii Electric Light Company (HELCO) are not available at this time, but will be made available when the 2006 financial information is made public.

HECO objects to providing the 2007 forecast capital structures for HECO (consolidated) and HECO (Oahu only), except under protective order. The information is privileged commercial and financial information which is maintained as non-public, confidential information, and will be provided once a protective order is issued in this docket. HECO objects to providing the requested forecast capital structures for MECO and HELCO for 2007, even under protective order, on the grounds that such information is not relevant to this docket. (The financial information is privileged commercial and financial information, and the unprotected disclosure of the information could trigger broader release of the information. Note that the 2007 forecast capital structure for HECO Consolidated will be presented in the 2006 Statistical



Supplement and Utility Forecast, of which a copy will be provided to the Consumer Advocate in response to CA-IR-5, when the report has been issued.)

HECO objects to providing the requested forecast capital structures for Hawaiian Electric Industries, Inc. (consolidated) for 2007, even under protective order, on the grounds that:

(1) The requested information is privileged commercial and financial information, which is maintained by HEI and its subsidiaries as non-public, confidential information.

(2) The disclosure of HEI forecast information from which income and earnings information (such as retained earnings) could be derived, could trigger requirements under the rules and guidelines of the Securities and Exchange Commission and/or the New York Stock Exchange that information that would be meaningful to an investor (such as earnings estimates) be released to all investors, if the information is disclosed beyond a limited number of "insiders". Forecasts of earnings, etc. are the types of information that, if selectively released, could violate such requirements.

(3) Such information is not relevant to this docket. While HEI is the parent of HECO, the Commission generally has ruled that HEI, as a diversified holding company, is not an appropriate proxy for HECO or its utility subsidiaries in determining their cost of capital. (See Decision and Order No. 10317 in Docket No. 6531 (HECO's 1990 Test Year) and Decision and Order No. 10993 in Docket No. 6432 (HELCO's 1990 Test Year).)

(4) HECO is providing the forecast utility information that HECO and its subsidiaries are required to provide under the Commission's rules. (The Commission's rules specify where five-year utility forecasts are required.) In accordance with the Commission's rules, the utilities provide the Commission and the CA with five-year capital expenditures budget which are due by January 1 of each year, pursuant to paragraph 2.3(g)(1) of General Order No. 7. The most recent



five-year capital expenditures budget was filed with the Commission on December 30, 2005. On December 21, 2006, the Commission granted HECO and its subsidiaries an extension to file their capital expenditures reports no later than March 2, 2007, which is after the Form 10-K is filed. HECO and its subsidiaries also provide five-year financing plans in financing dockets (unless the requirement is waived). See Exhibits 3-7 filed January 13, 2006 in Docket No. 05-0330 pursuant to Protective Order No. 22718 (January 12, 2006) for the most recent five-year financing plans filed with the Commission.



CA-IR-8

Please provide a schedule that shows the capital structures for HEI (consolidated), HECO (consolidated), HECO (Oahu only), MECO, and HELCO for the period 2002 – 2006 and for the test period in this proceeding.

HECO Response:

Please refer to HECO's responses filed to CA-IR-101, 492, 493, and 494 in Docket No. 04-0113 (HECO's 2005 Test Year Rate Case) for the 2001-2004 information, and HELCO's response filed to CA-IR-207 in Docket No. 05-0315 (HELCO's 2006 Test Year Rate Case) for the 2005 information being requested.

The 2006 capital structures for Hawaiian Electric Industries, Inc. (consolidated), Hawaiian Electric Company (HECO), Maui Electric Company (MECO), and Hawaii Electric Light Company (HELCO) are not available at this time, but will be made available when the 2006 financial information is made public.

HECO objects to providing the 2007 forecast capital structures for HECO (consolidated) and HECO (Oahu only), except under protective order. The information is privileged commercial and financial information which is maintained as non-public, confidential information, and will be provided once a protective order is issued in this docket. HECO objects to providing the requested forecast capital structures for MECO and HELCO for 2007, even under protective order, on the grounds that such information is not relevant to this docket. (The financial information is privileged commercial and financial information, and the unprotected disclosure of the information could trigger broader release of the information. Note that the 2007 forecast capital structure for HECO Consolidated will be presented in the 2006 Statistical



Supplement and Utility Forecast, of which a copy will be provided to the Consumer Advocate in response to CA-IR-5, when the report has been issued.)

HECO objects to providing the requested forecast capital structures for Hawaiian Electric Industries, Inc. (consolidated) for 2007, even under protective order, on the grounds that:

(1) The requested information is privileged commercial and financial information, which is maintained by HEI and its subsidiaries as non-public, confidential information.

(2) The disclosure of HEI forecast information from which income and earnings information (such as retained earnings) could be derived, could trigger requirements under the rules and guidelines of the Securities and Exchange Commission and/or the New York Stock Exchange that information that would be meaningful to an investor (such as earnings estimates) be released to all investors, if the information is disclosed beyond a limited number of "insiders". Forecasts of earnings, etc. are the types of information that, if selectively released, could violate such requirements.

(3) Such information is not relevant to this docket. While HEI is the parent of HECO, the Commission generally has ruled that HEI, as a diversified holding company, is not an appropriate proxy for HECO or its utility subsidiaries in determining their cost of capital. (See Decision and Order No. 11317 in Docket No. 6531 (HECO's 1990 Test Year) and Decision and Order No. 10993 in Docket No. 6432 (HELCO's 1990 Test Year).)

(4) HECO is providing the forecast utility information that HECO and its subsidiaries are required to provide under the Commission's rules. (The Commission's rules specify where five-year utility forecasts are required.) In accordance with the Commission's rules, the utilities provide the Commission and the CA with five-year capital expenditures budget which are due by January 1 of each year pursuant to paragraph 2.3(e)(1) of General Order No. 7. The most recent



five-year capital expenditures budget was filed with the Commission on December 30, 2005. On December 21, 2006, the Commission granted HECO and its subsidiaries an extension to file their capital expenditures reports no later than March 2, 2007, which is after the Form 10-K is filed. HECO and its subsidiaries also provide five-year financing plans in financing dockets (unless the requirement is waived). See Exhibits 3-7 filed January 13, 2006 in Docket No. 05-0330 pursuant to Protective Order No. 22718 (January 12, 2006) for the most recent five-year financing plans filed with the Commission.



CA-IR-9

Please provide a schedule that shows the segment information for HEI for each year 2002 – 2006.

HECO Response:

For the requested schedule showing the segment information for Hawaiian Electric Industries, Inc. please refer to the Hawaiian Electric Industries, Inc. 2002 Annual Report to Stockholders, Appendix A, page 51 for the year 2002, and the Hawaiian Electric Industries, Inc. 2005 Annual Report to Shareholders, Appendix A, page 65 for the year 2003-2005, which was previously filed with the PUC on March 24, 2003 and April 13, 2006, respectively, which the Division of Consumer Advocacy also received a copy. The 2006 segment information will be available in the 2006 Annual Report to Shareholders. A copy of the 2006 Annual Report to Shareholders will be provided after the report has been issued (see response to CA-IR-5).



CA-IR-10

Please identify any methodological or data changes, except for the time frame of information contained in the capital structure and/or cost rates of fixed cost components, of HECO's current application.

HECO Response:

HECO's calculation of the capital structure and capital costs is consistent with the methodology HELCO used in calculating the capital structure and capital costs in the HELCO 2000 test year rate case (Docket No. 99-0207) which the Commission approved; however, in the HELCO 2000 test year rate case, hybrid securities and preferred stock were combined in the capital structure summary. In this rate proceeding (HECO 2007 test year rate case), the hybrid securities and the preferred stock are shown separately.

HECO's calculation of the capital structure and capital costs is consistent with the methodology HECO used in calculating the capital structure and capital costs in the HECO 2005 test year rate case (Docket No. 04-0113) which final decision is still pending with the Commission; however, in the HECO 2005 test year rate case, the issuance costs for the Syndicated Credit Facility (SCF) was not included in the cost of capital calculation, since the SCF was not in effect for the 2005 Test Year. For HECO's 2007 test year, HECO is proposing to recover the unamortized SCF issuance cost through the cost of capital calculation for ratemaking. (See response to CA-IR-7 filed on October 20, 2006 in Docket No. 2006-0360 for further discussion on the cost recovery of the unamortized issuance cost through the cost of capital calculation.)

In addition for ratemaking purposes, the Company proposes to restore common equity for the charge to equity related to the accumulated other comprehensive income ("AOCI") for the non-qualified pension plans and the executive life portion of OPEB. (See HECO T-19 pages 50-



52.) HECO also recognizes that as a result of the Commission's decision in Docket No. 05-0310 (requesting approval to record a regulatory asset for any pension liability which would otherwise be charged to AOCI), there will be further changes in the methodology used to determine December 31, 2006 and 2007 common equity that HECO reflected in direct testimony. Although the methodology of determining common equity will change because of the need to restore equity for the charge to AOCI, it will not change the common equity balances for ratemaking purposes.



CA-IR-11

Please provide a schedule that shows the various security ratings of HEI and HECO for each year 2002 to the present.

HECO Response:

Please refer to pages 2 and 4 of the response to CA-IR-104 filed in Docket No. 04-0113

(HECO's 2005 Test Year Rate Case) for rating information for HEI and HECO. An update to the HEI and HECO rating information is that on April 22, 2005 S&P's outlook for HEI and HECO's securities was revised to negative from stable.



CA-IR-12

Please provide copies of any presentations of HEI and HECO given to security analyses and rating agencies for the period 2005 to present.

HECO Response:

Presentations to Security Analysts

Due to the voluminous nature of the information, HECO will make the presentations by HEI for the period 2005 to present to security analysts available for review, though the portions of presentations on HEI and its non-utility subsidiaries are generally irrelevant to this proceeding. One copy of the most recent presentation to the investment community (November 6-10, 2006) is attached. Please call Dean Matsuura at 543-4622 to arrange for review of the other presentations made in 2005.

Presentations to Rating Agencies

HECO objects to providing the presentations by HEI and its subsidiaries to the rating agencies on the grounds that the presentations contain privileged commercial and financial information (including earnings forecast information), which is maintained by HEI, its subsidiaries and the rating agencies as non-public, confidential information, and on the grounds that those portions of the presentations related to HEI and its non-utility subsidiaries are irrelevant to the issues in this proceeding. HECO is willing to make non-confidential portions of the May 2005 and May 2006 presentation to rating agencies relating to the utilities available for inspection, and to make selected confidential portions of the presentation relating to the utilities available for inspection pursuant to an appropriate protective order. HECO objects to making available forecast earnings and forecast return information, which disclosure might trigger requirements under rules and guidelines of the Securities and Exchange Commission and/or the New York Stock Exchange



(see discussion in HECO's response to CA-IR-8) and customer information due to privacy concerns, even under protective order.

In addition, information in presentations to rating agencies related to HEI and its non-utility subsidiaries is not relevant to the issues in this docket. While HEI is the parent of HECO, the Commission generally has ruled that HEI, as a diversified holding company, is not an appropriate proxy for HECO or its utility subsidiaries in determining their cost of capital. (See Decision and Order No. 11317 in Docket No. 6531 (HECO's 1990 Test Year) and Decision and Order No. 10993 in Docket No. 6432 (HELCO's 1990 Test Year).)



financial community meetings  
november 6-10, 2006



Hawaiian  
Electric  
Industries, Inc.





**Constance H. Lau**

President and Chief Executive Officer  
Hawaiian Electric Industries, Inc.

Chairman

Hawaiian Electric Company, Inc.

Chairman, President and Chief Executive Officer  
American Savings Bank, F.S.B.

Ms. Lau, 54, was named president and chief executive officer of Hawaiian Electric Industries, Inc. in May 2006. She also serves as chairman of Hawaiian Electric Company, Inc. and chairman, president and chief executive officer of American Savings Bank. Born and raised in Honolulu, Hawaii, Ms. Lau joined the HEI companies in 1984, serving first as assistant corporate counsel and treasurer of Hawaiian Electric Company, Inc. and then as treasurer of HEI. In 1999, she became a director and senior executive vice president and chief operating officer of American Savings Bank, rising to president and chief executive officer in June 2001. She also served as an HEI director from 2001 through 2004, and has again been elected a director commencing May 2006.

Prior to joining the HEI companies, Ms. Lau practiced law in San Francisco, California. She has a bachelor of science degree from Yale College, a juris doctor degree from the University of California Hastings College of the Law and a master's degree in business administration from the Stanford Graduate School of Business. She is currently president of the Hawaii Bankers Association and has been ranked by U.S. Banker magazine among the 25 Most Powerful Women in Banking in the U.S. for 2004, 2005 and 2006.



**T. Michael May**

President and Chief Executive Officer  
Hawaiian Electric Company, Inc.

Mr. May, 60, was named president and chief executive officer of Hawaiian Electric Company, Inc. and to the HECO board of directors in 1995. Mr. May also served on the HEI board from 1995 through 2004. Born in Newport News, Virginia, Mr. May holds a bachelor's degree in industrial management with further training in industrial engineering from the University of Mississippi and a master's degree in finance from The College of William and Mary.

Prior to joining HECO in 1992 as senior vice president, Mr. May founded Management Assets Group, a global consulting practice with engagements encompassing organizational development, mergers/acquisitions, performance measurement systems, compensation and HR system development. From 1981 to 1989, he served as president and vice president of finance of the independent power production and industrial gas turbine manufacturing subsidiaries of Caterpillar, Inc.



**Eric K. Yeaman**

Financial Vice President, Treasurer and Chief Financial Officer  
Hawaiian Electric Industries, Inc.

Mr. Yeaman, 39, joined HEI as financial vice president, treasurer and chief financial officer in January 2003. Prior to joining HEI, he was the chief operating and financial officer for Kamehameha Schools, one of the nation's largest private trusts.

Prior to that, he was a senior manager with Arthur Andersen LLP in Honolulu. Born and raised in Hawaii, Mr. Yeaman earned his bachelor of business administration degree in accounting from the University of Hawaii in 1989 and is a certified public accountant.



**Tayne S. Y. Sekimura**

Financial Vice President  
Hawaiian Electric Company, Inc.

Ms. Sekimura, 44, was named financial vice president of Hawaiian Electric Company, Inc. in October 2004. Other positions Ms. Sekimura has held since joining HECO in 1991 include director, corporate and property accounting; director, internal audit; and capital budgets administrator. Prior to joining HECO, she was an audit manager at KPMG LLP in Honolulu.

Ms. Sekimura was born and raised in Hawaii and earned her bachelor of business administration degree in accounting from the University of Hawaii in 1984. Ms. Sekimura is a certified public accountant.



**Alvin N. Sakamoto**

Executive Vice President, Finance  
American Savings Bank, F.S.B.

Mr. Sakamoto, 52, was named executive vice president, finance of American Savings Bank in May 2004. He joined American Savings Bank in 1986 as an assistant controller and was promoted to vice president, controller in 1987 and became senior vice president, finance in 1997.

Prior to joining American Savings Bank, he was an auditor with KPMG LLP in Honolulu. Born and raised in Honolulu, Hawaii, Mr. Sakamoto earned a bachelor's degree in biology in 1976 and a master's degree in accounting in 1983 from the University of Hawaii and is a certified public accountant.



**Suzy P. Hollinger**

Manager, Treasury and Investor Relations  
Hawaiian Electric Industries, Inc.

Ms. Hollinger, 41, was named manager, treasury and investor relations of HEI in July 2004. She joined HEI as manager, investor relations in December 2000.

Prior to joining HEI, Ms. Hollinger was an audit senior manager with KPMG LLP in Honolulu. She earned her bachelor's degree in economics from Claremont McKenna College in 1987 and is a certified public accountant.





#### Forward-Looking Statements

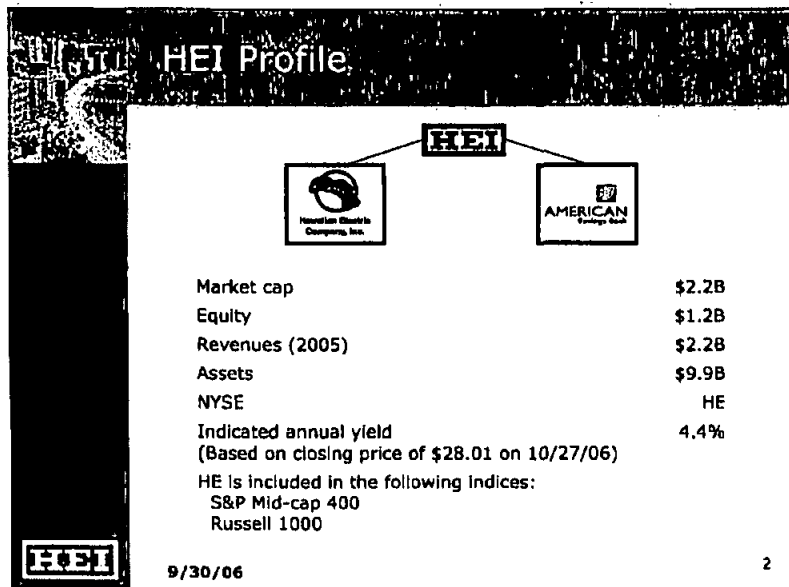
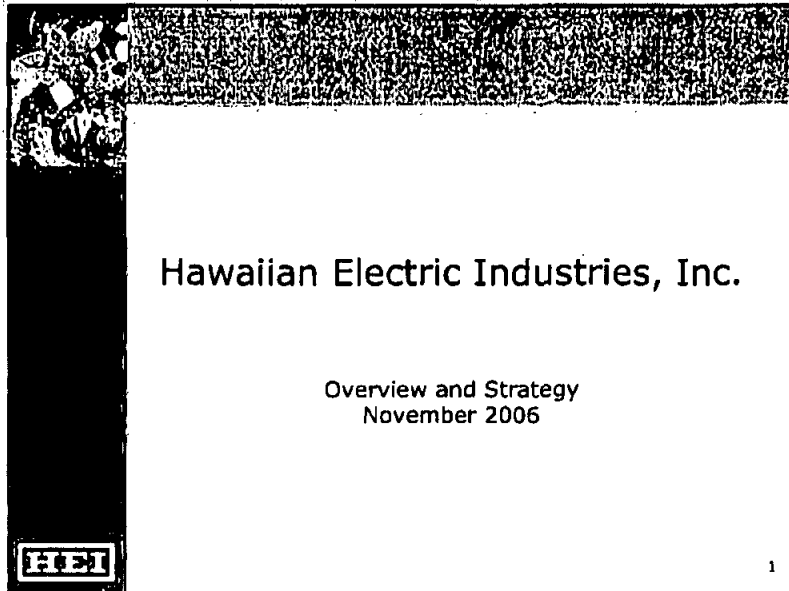
This report and other presentations made by Hawaiian Electric Industries, Inc. (HEI) and Hawaiian Electric Company, Inc. (HECO) and their subsidiaries contain "forward-looking statements," which include statements that are predictive in nature, depend upon or refer to future events or conditions, and usually include words such as "expects," "anticipates," "intends," "plans," "believes," "predicts," "estimates" or similar expressions. In addition, any statements concerning future financial performance, ongoing business strategies or prospects and possible future actions are also forward-looking statements. Forward-looking statements are based on current expectations and projections about future events and are subject to risks, uncertainties and the accuracy of assumptions concerning HEI and its subsidiaries (collectively, the Company), the performance of the industries in which they do business and economic and market factors, among other things. **These forward-looking statements are not guarantees of future performance.**

Risks, uncertainties and other important factors that could cause actual results to differ materially from those in forward-looking statements and from historical results include, but are not limited to, the following:

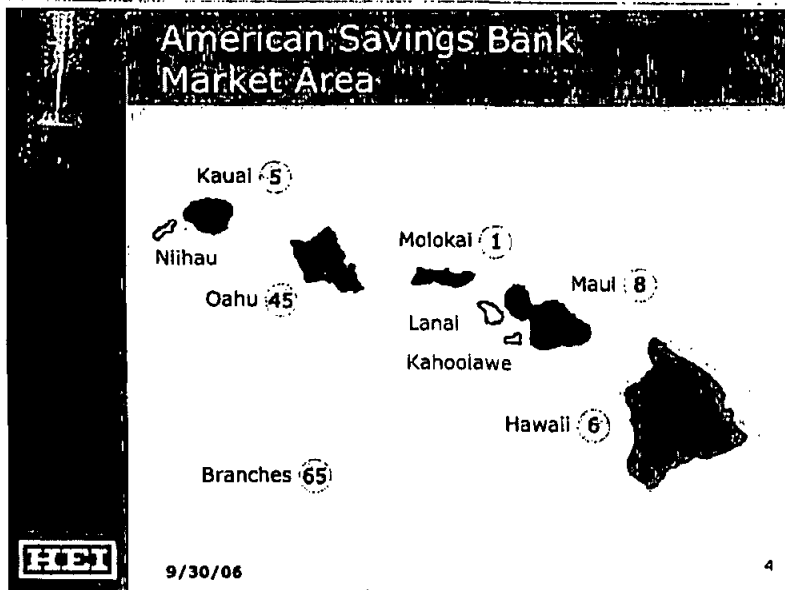
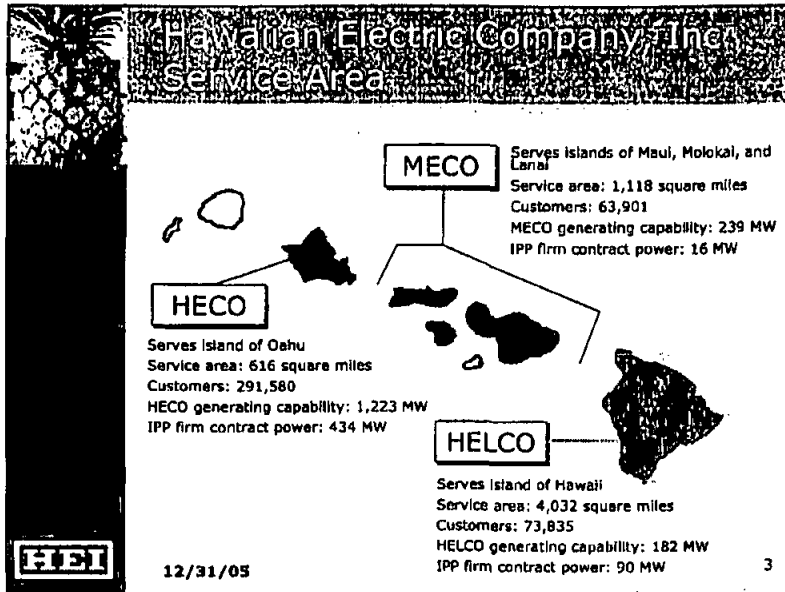
- the effects of international, national and local economic conditions, including the state of the Hawaii tourist and construction industries, the strength or weakness of the Hawaii and continental U.S. real estate markets (including the fair value of collateral underlying loans and mortgage-related securities) and decisions concerning the extent of the presence of the federal government and military in Hawaii;
- the effects of weather and natural disasters, such as hurricanes, earthquakes and tsunamis;
- global developments, including the effects of terrorist acts, the war on terrorism, continuing U.S. presence in Iraq and Afghanistan, potential conflict or crisis with North Korea and in the Middle East, North Korea's and Iran's nuclear activities and potential avian flu pandemic;
- the timing and extent of changes in interest rates and the shape of the yield curve;
- the risks inherent in changes in the value of and market for securities available for sale and pension and other retirement plan assets;
- changes in assumptions used to calculate retirement benefits costs and changes in funding requirements;
- increasing competition in the electric utility and banking industries (e.g., increased self-generation of electricity may have an adverse impact on HECO's revenues and increased price competition for deposits, or an outflow of deposits to alternative investments, may have an adverse impact on American Savings Bank, F.S.B.'s (ASB's) cost of funds);
- capacity and supply constraints or difficulties, especially if generating units (utility-owned or independent power producer (IPP)-owned) fail or measures such as demand-side management (DSM), distributed generation (DG), combined heat and power (CHP) or other firm capacity supply-side resources fall short of achieving their forecasted benefits or are otherwise insufficient to reduce or meet peak demand;
- increased risk to generation reliability as generation reserve margins on Oahu continued to be strained;
- fuel oil price changes, performance by suppliers of their fuel oil delivery obligations and the continued availability to the electric utilities of their energy cost adjustment clauses;
- the ability of IPPs to deliver the firm capacity anticipated in their power purchase agreements (PPAs);
- the ability of the electric utilities to negotiate, periodically, favorable fuel supply and collective bargaining agreements;
- new technological developments that could affect the operations and prospects of HEI and its subsidiaries (including HECO and its subsidiaries and ASB and its subsidiaries) or their competitors;
- federal, state and international governmental and regulatory actions, such as changes in laws, rules and regulations applicable to HEI, HECO and their subsidiaries (including changes in taxation, environmental laws and regulations and governmental fees and assessments); decisions by the Public Utilities Commission of the State of Hawaii (PUC) in rate cases and other proceedings and by other agencies and courts on land use, environmental and other permitting issues; required corrective actions, restrictions and penalties (that may arise with respect to environmental conditions, renewable portfolio standards (RPS), capital adequacy and business practices);
- increasing operations and maintenance expenses for the electric utilities and the possibility of more frequent rate cases;
- the risks associated with the geographic concentration of HEI's businesses;
- the effects of changes in accounting principles applicable to HEI, HECO and their subsidiaries, including the adoption of new accounting principles (such as the effects of Statement of Financial Accounting Standards (SFAS) No. 158 regarding employers' accounting for defined benefit pension and other postretirement plans), continued regulatory accounting under SFAS No. 71, "Accounting for the Effects of Certain Types of Regulation," and the possible effects of applying Financial Accounting Standards Board (FASB) Interpretation No. (FIN) 46R, "Consolidation of Variable Interest Entities," and Emerging Issues Task Force Issue No. 01-8, "Determining Whether an Arrangement Contains a Lease," to power purchase arrangements with independent power producers;
- the effects of changes by securities rating agencies in their ratings of the securities of HEI and HECO and the results of financing efforts;
- faster than expected loan prepayments that can cause an acceleration of the amortization of premiums on loans and investments and the impairment of mortgage servicing rights of ASB;
- changes in ASB's loan portfolio credit profile and asset quality which may increase or decrease the required level of allowance for loan losses;
- changes in ASB's deposit cost or mix which may have an adverse impact on ASB's cost of funds;
- the final outcome of tax positions taken by HEI, HECO and their subsidiaries;
- the ability of consolidated HEI to generate capital gains and utilize capital loss carryforwards on future tax returns;
- the risks of suffering losses and incurring liabilities that are uninsured; and
- other risks or uncertainties described elsewhere in this report and in other periodic reports (e.g., "Item 1A. Risk Factors" in the Company's Annual Report on Form 10-K) previously and subsequently filed by HEI and/or HECO with the Securities and Exchange Commission (SEC).

Forward-looking statements speak only as of the date of the report, presentation or filing in which they are made. Except to the extent required by the federal securities laws, HEI and its subsidiaries undertake no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

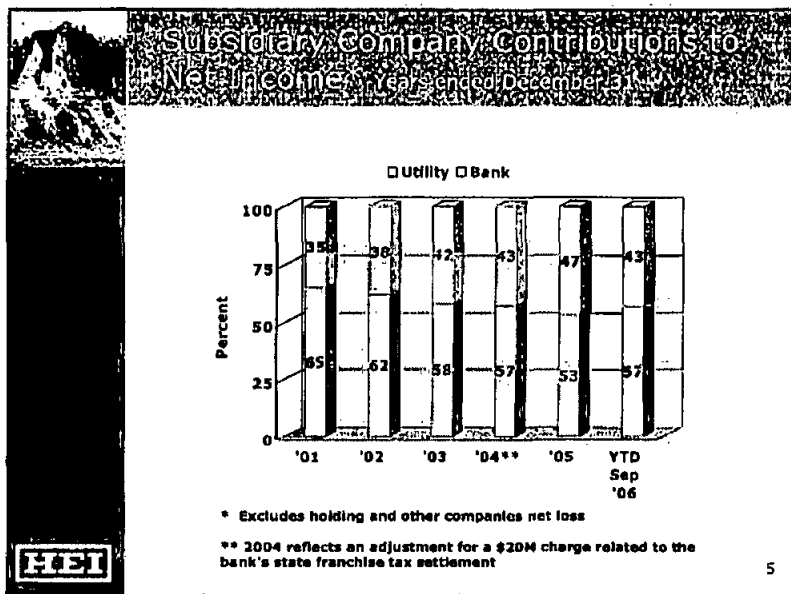












5

### 5-year Historical Hawaii Economic Summary


| Percent change           | 2001   | 2002 | 2003 | 2004 | 2005             |
|--------------------------|--------|------|------|------|------------------|
| Real GSP                 | 0.9    | 2.1  | 3.8  | 4.7  | 3.4 <sup>1</sup> |
| CPI inflation - Honolulu | 1.2    | 1.1  | 2.3  | 3.3  | 3.8              |
| Visitor days             | (6.4)  | 1.2  | 0.5  | 6.8  | 7.8              |
| Visitor expenditures     | (11.6) | 8.7  | 0.6  | 8.0  | 9.6              |
| Job growth               | 0.5    | 0.3  | 1.9  | 2.8  | 3.1              |
| Unemployment (at Dec 31) | 5.1    | 3.6  | 3.8  | 3.0  | 2.7              |
| Real personal income     | 2.0    | 3.5  | 4.8  | 8.0  | 3.0 <sup>2</sup> |
| Total population         | 0.8    | 1.0  | 1.1  | 1.1  | 1.0              |

<sup>1</sup> Forecast  
<sup>2</sup> Preliminary  
Source: DBEDT 2005 Hawaii Data Book

HEI


6



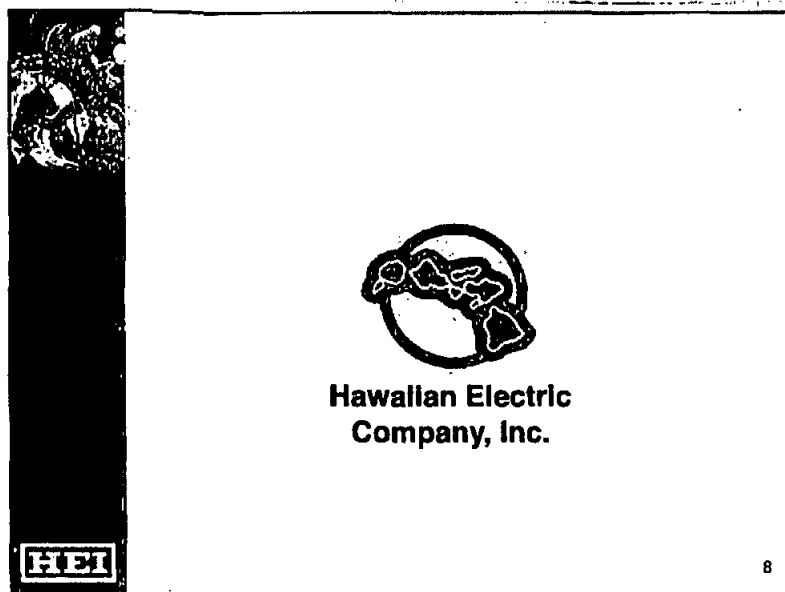


| Percent change           | 2006             | 2007 | 2008 |
|--------------------------|------------------|------|------|
| Real GSP                 | 2.7              | 2.4  | 2.4  |
| CPI inflation - Honolulu | 4.8              | 3.8  | 3.3  |
| Visitor days             | 2.8              | 2.9  | 2.4  |
| Visitor expenditures     | 7.1              | 6.3  | 5.6  |
| Job growth               | 2.5              | 1.5  | 1.2  |
| Unemployment             | 2.5 <sup>1</sup> | NA   | NA   |
| Real personal income     | 2.1              | 2.1  | 2.1  |
| Total population         | 1.1              | 1.1  | 1.1  |

<sup>1</sup> Actual for September 2006  
NA Not available  
Source: DSEDY Quarterly Statistical & Economic Report, 8/17/06




7




8






Hawaii Electric Company, Inc.

- Energy future
- Regulatory strategy
- Financial integrity



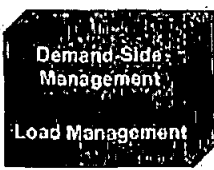
9



Hawaii Electric Company, Inc.

### Meeting Hawaii's Energy Needs

**Reducing Demand:  
"Negawatts"**

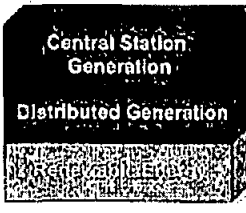


Demand Side Management  
Load Management

Conservation & Energy Efficiency


+

**Increasing Supply:  
Megawatts**




Central Station Generation  
Distributed Generation

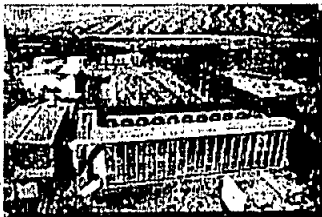
New Generation



10





  
Hawaiian Electric  
Company, Inc.




Maalaea Power Plant, Maui


- Oahu peaking unit - 110 MW (2009)
  - Possibly fueled by biofuels
- Maui steam unit - 18 MW (2006)
- Hawaii island steam unit - 18 MW (future)

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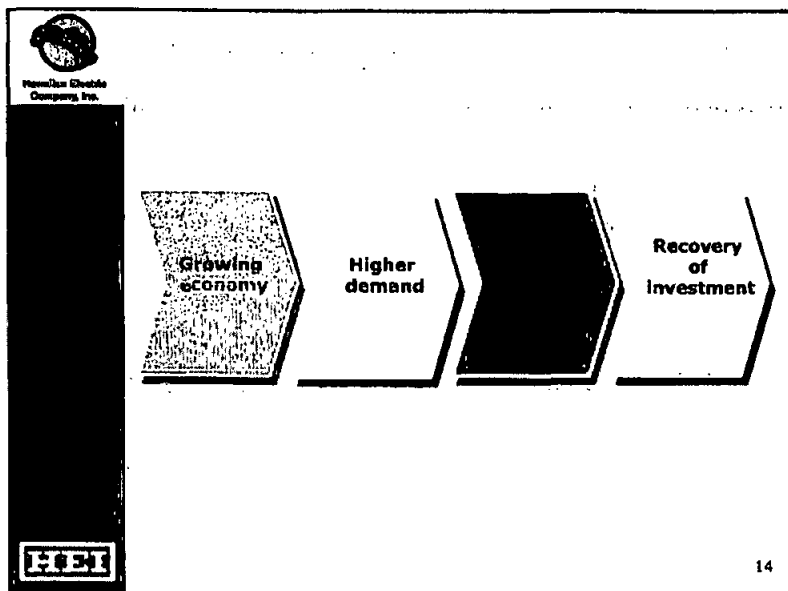
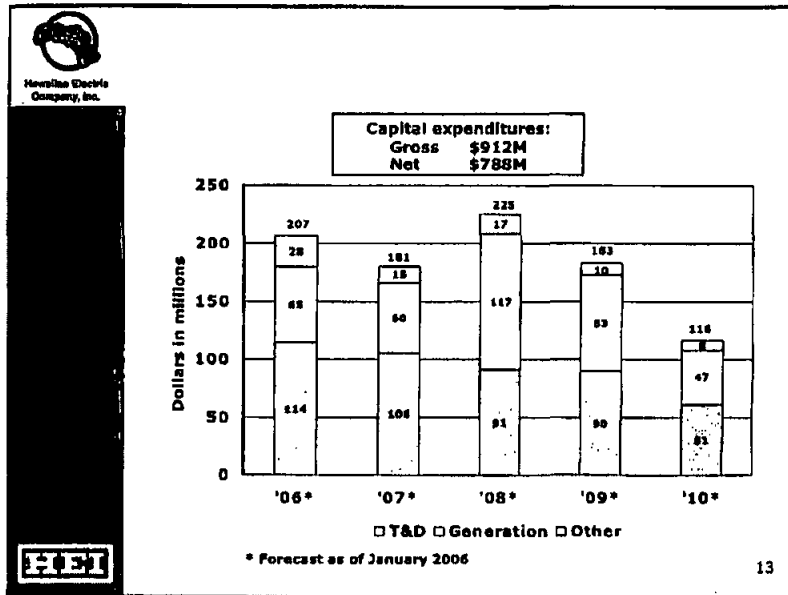
  
Hawaiian Electric  
Company, Inc.



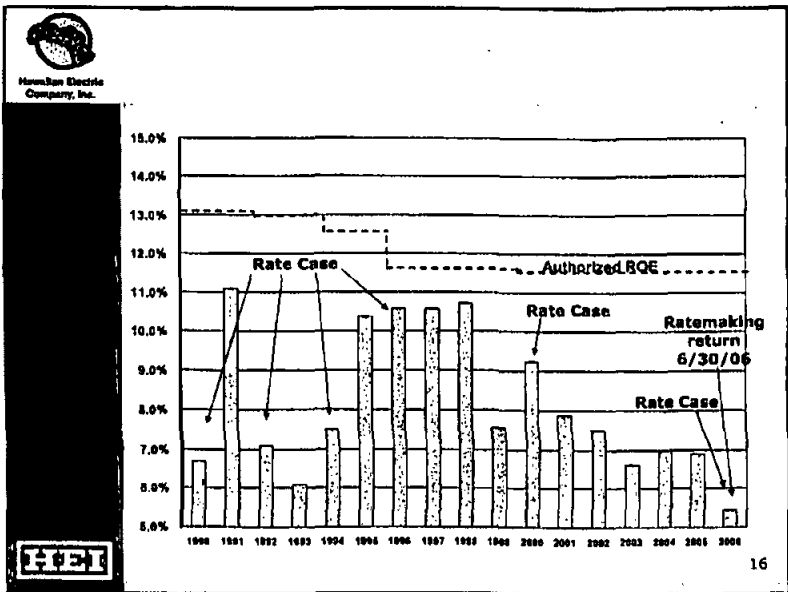
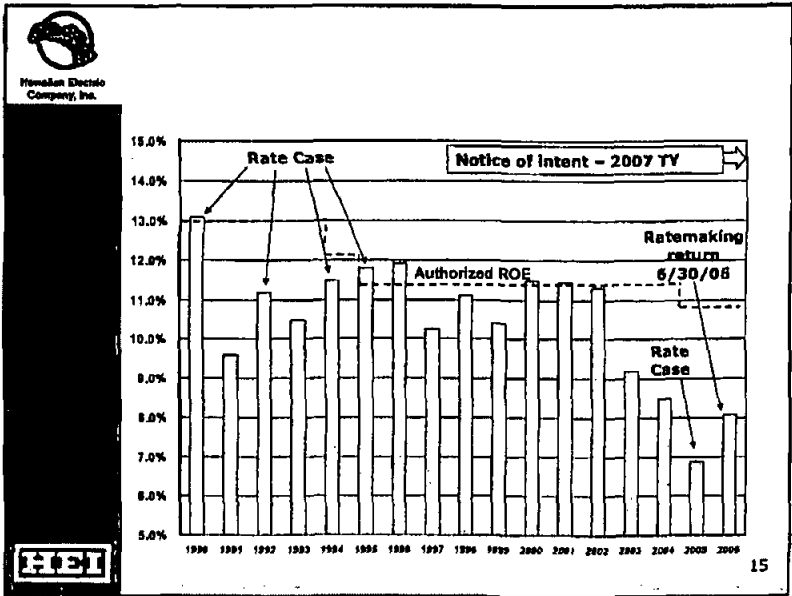
- Wind farms
  - Maui - 30 MW
  - Hawaii - 10.6 MW
  - Future
    - Hawaii - 13 MW expansion
    - Oahu - investigating potential sites
    - All Islands - developers scoping other projects
- Biofuels

 12

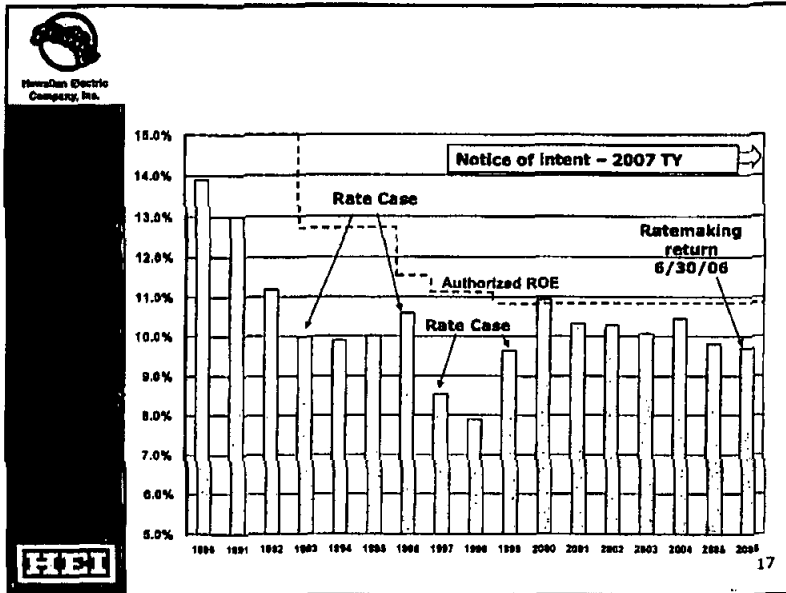














**AMERICAN**  
Savings Bank

## Company Overview

Serving Hawaii for Over 80 Years



**80 YEARS**  
1925 - 2005

**HEI**

19

**AMERICAN**  
Savings Bank


## ASB Strategic Plan Summary

- Objective: Build core franchise value as a full-service community bank
- Financial objective: Improve quality and consistency of earnings growth
- Required transformation of business model from traditional retail thrift to full-service community bank

**HEI**

20




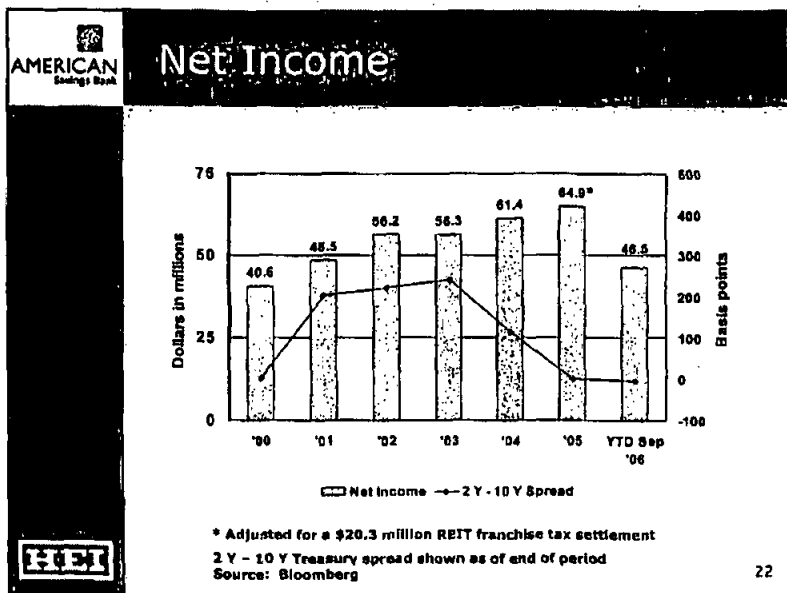


AMERICAN  
Savings Bank

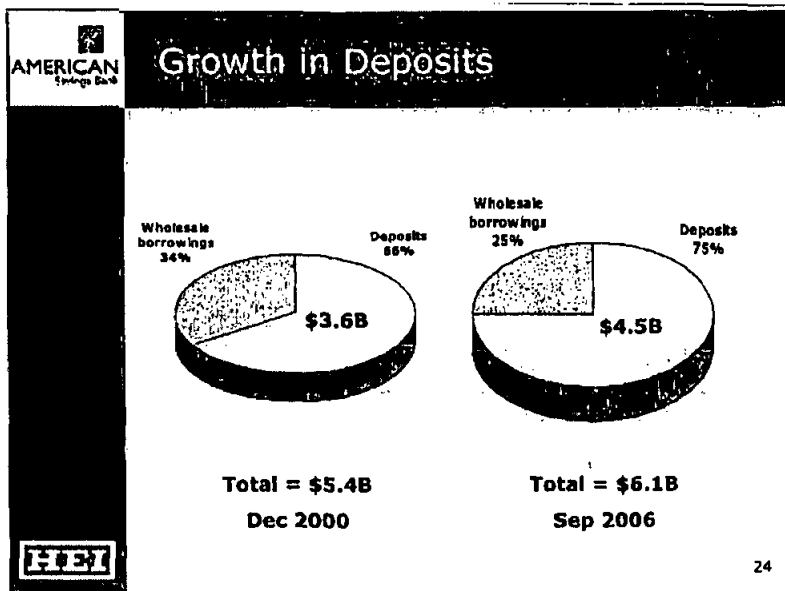
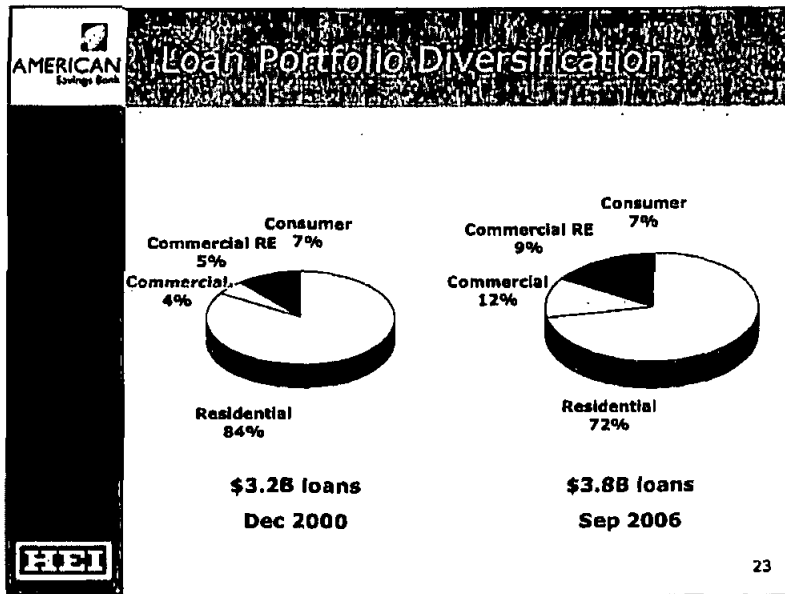
ASB Strategic Plan Summary

- Build two new lines of business:
  - Commercial Banking
  - Commercial Real Estate
- Remake two existing lines of business:
  - Residential Lending
  - Retail Banking
- Develop/introduce new products and services:
  - I-Plan combined checking-savings product
  - Business checking products
  - Combined rewards program for check and credit cards
  - Free Identity theft recovery program for all consumer checking account holders
- Targeted strategies

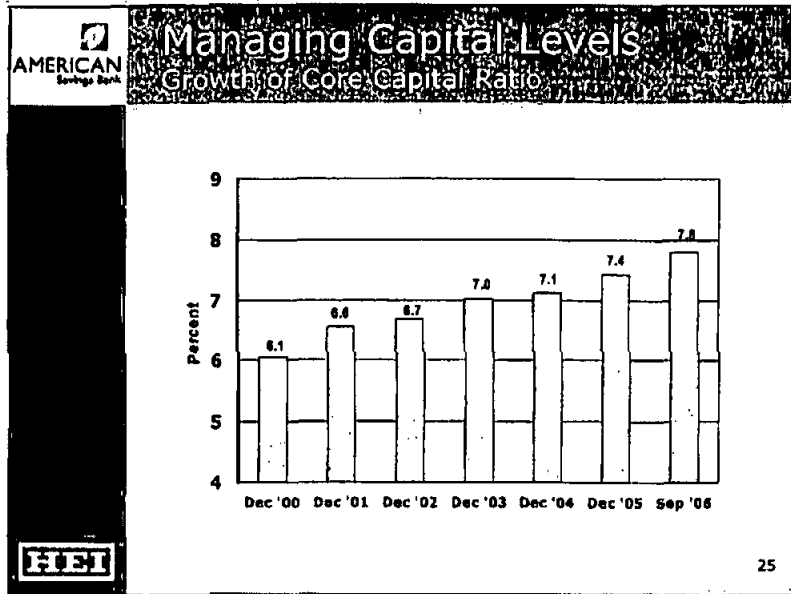

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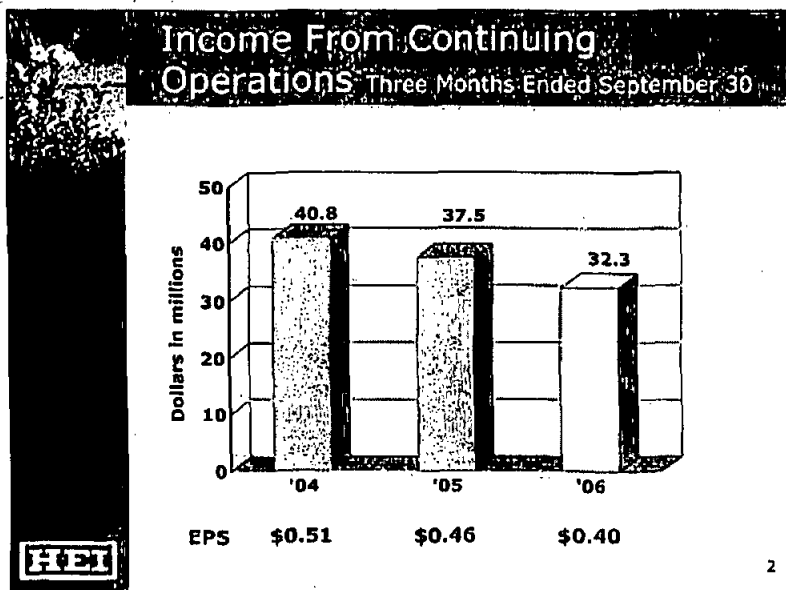
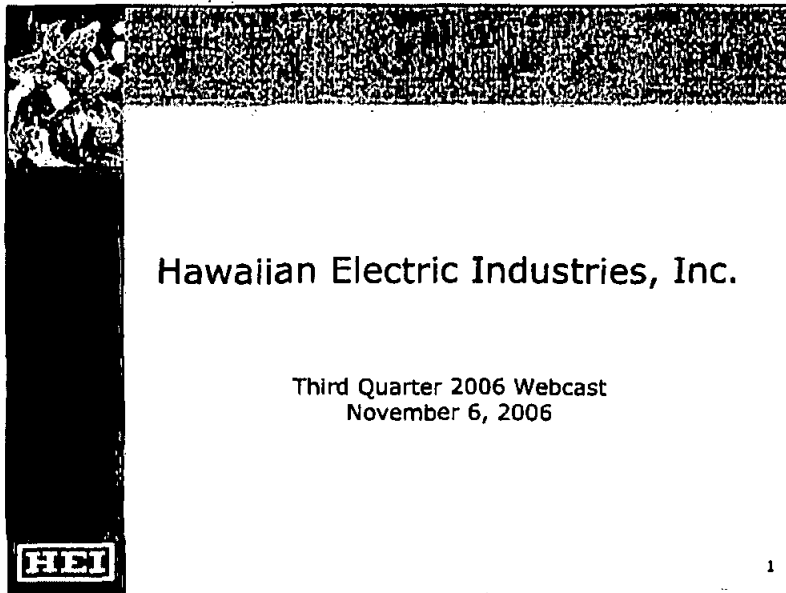




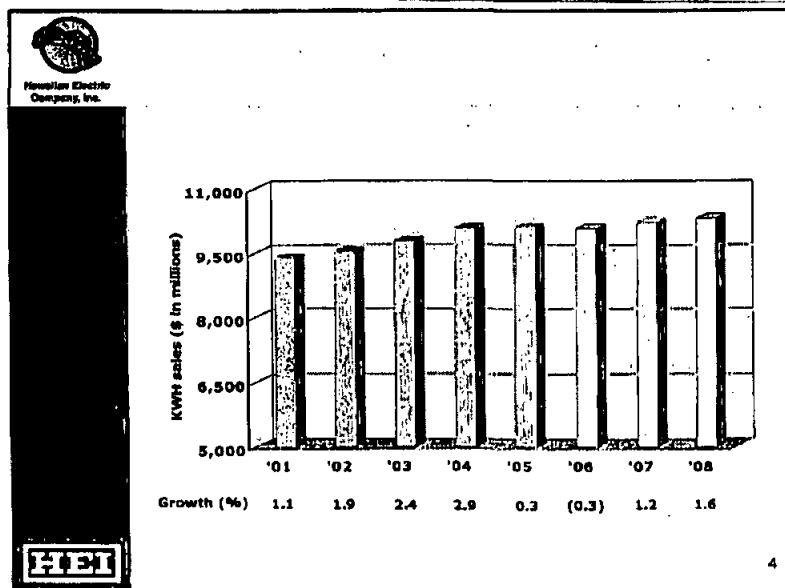
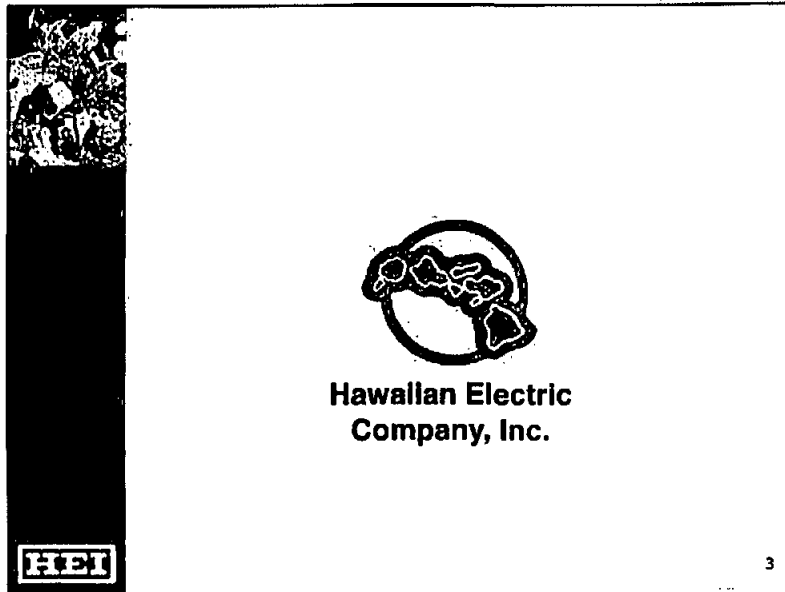




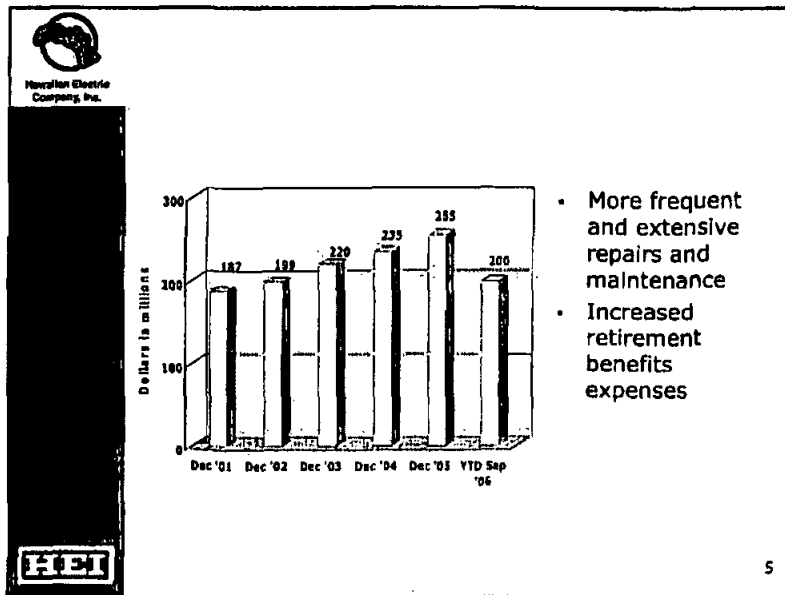















-   
Hawaiian Electric Company, Inc.
- Expect trend will continue
  - Expect fourth quarter O&M will rise significantly
    - Timing of repairs and maintenance
      - 41 consecutive days of rain
      - Changes in overhaul schedules
    - Vegetation management
    - Earthquake/outage
-  6




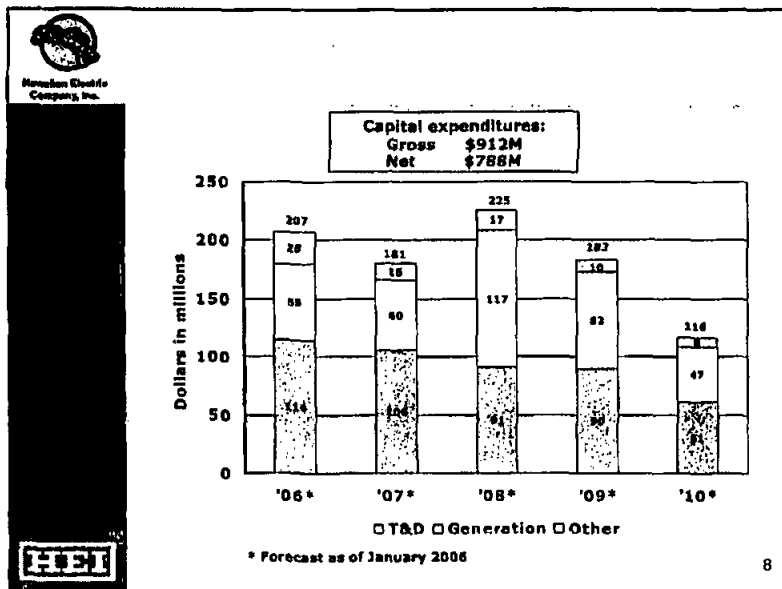


| %                  | Allowed            | Actual <sup>1</sup> |
|--------------------|--------------------|---------------------|
| <b>HECO - Oahu</b> | 10.70 <sup>2</sup> | 8.09                |
| <b>MECO</b>        | 10.94              | 5.44                |
| <b>HELCO</b>       | 11.50              | 9.74                |


<sup>1</sup> Rate-making method simple average for the 12 months ended June 30, 2006

<sup>2</sup> Based on an interim decision and order dated 9/27/05


7









Hamilton Electric  
Company, Inc.


- Majority of capital expenditures will be funded with internal sources
- Planned \$160 million revenue bond financing




9



Hamilton Electric  
Company, Inc.




```
graph LR; A[Growing economy] --> B[Higher demand]; B --> C[Recovery of Investment];
```



10







Hawaii Electric  
Company, Inc.

- 2005 test year
- Interim decision received Sep '05
  - \$41M\* (3.3%) interim increase
    - Interim increases are subject to refund with interest based on a final decision and order
  - 10.7% return on common equity
  - 8.66% return on rate base
  - \$1,109M average rate base
- Final decision and order pending

\* Additional base revenues net of \$12M already collected via a surcharge




11




Hawaii Electric  
Company, Inc.

- Energy Efficiency Docket
  - Bifurcated out of original Oahu rate case
  - Interim D&O
  - Hearings held in August 2006




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Hawaiian Electric  
Company, Inc.

- 2006 test year
- Request:
  - \$30M (9.24%) Increase
  - 11.25% return on common equity
  - 8.65% return on rate base
  - \$369M average rate base
- Energy costs adjustment clause and time of use rates to be reviewed
- Evidentiary hearings scheduled for May 2007




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Hawaiian Electric  
Company, Inc.

- Changes at the Hawaii Public Utilities Commission
- New Consumer Advocate




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Hamilton Electric  
Company, Inc.

- Growing economy
  - Pressure on generating reserve margins
  - Increasing operating expenses and lowering rates of return
  - Significant increase in O&M expenses in the fourth quarter
- Increasing capital expenditure program to maintain and improve reliability
- Plan to improve rates of return through the rate case process



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AMERICAN  
Savings Bank




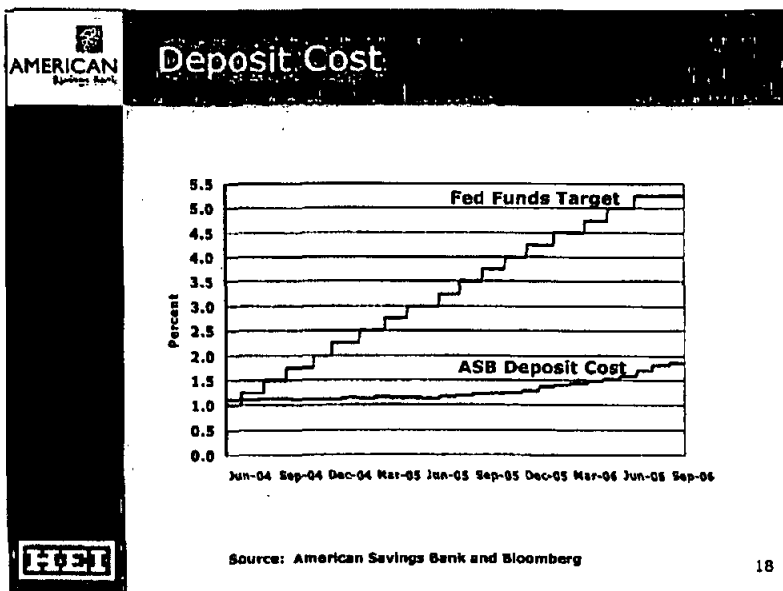
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**Challenging Environment**

- Ongoing margin compression pressure due to persistent inverted yield curve and slower loan and deposit growth
  - Continued upward pressure on deposit rates
  - Shift in mix toward higher cost CDs

17








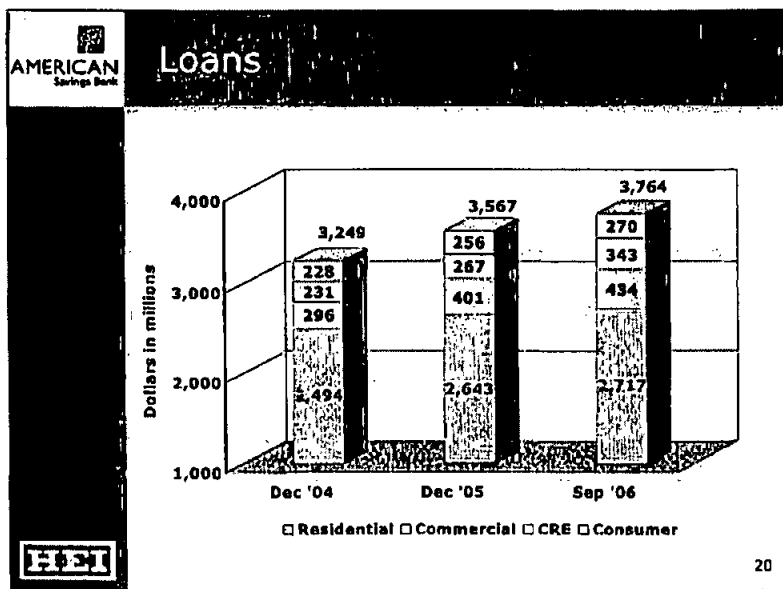
AMERICAN  
Savings Bank

New Retail Programs

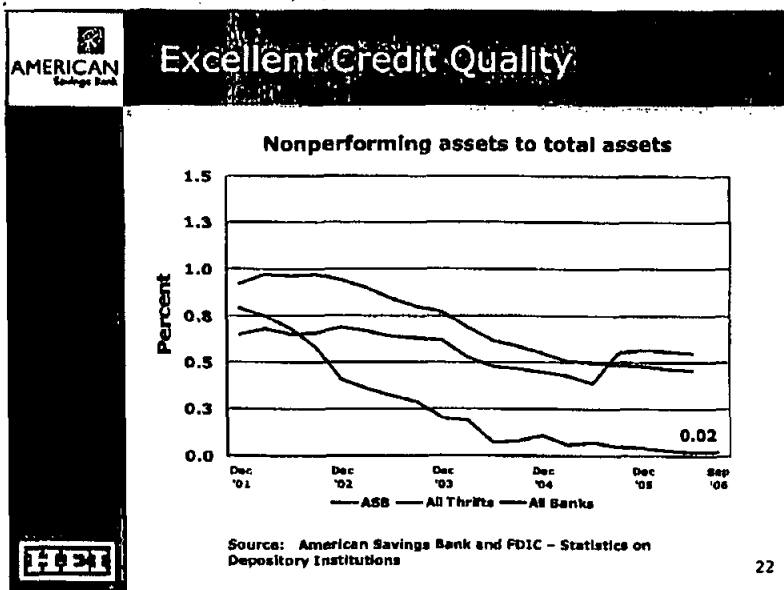
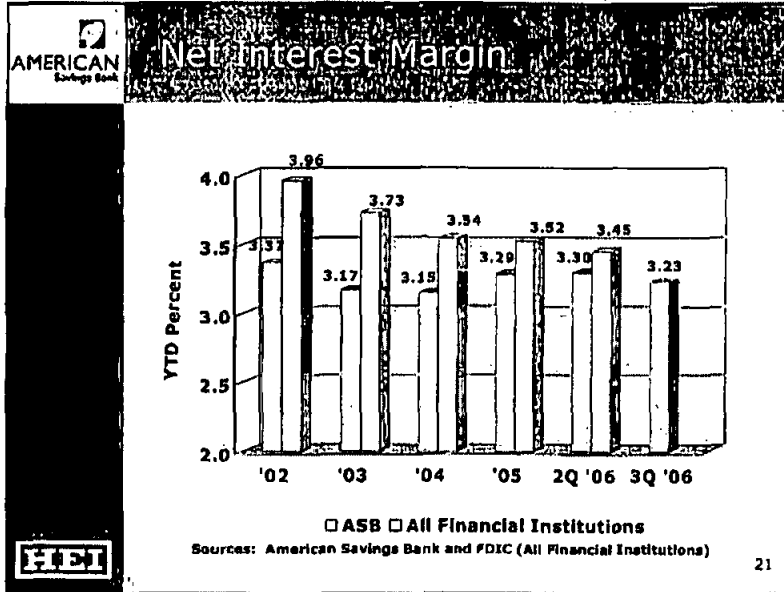
- Combined rewards program
  - Rewards points earned from check card transactions are combined with rewards points earned on credit card transactions
  - Only bank in Hawaii offering this type of program
- Identity theft program
  - Began providing comprehensive identity theft recovery program to all personal checking account customers, free of charge
  - Only bank in Hawaii offering this program at no cost to customers




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## Summary

- Continued challenging operating environment
- Focus on
  - Growth of low/no-cost deposits
  - Growth of loan portfolio
  - Maintaining excellent asset quality
  - Control expenses

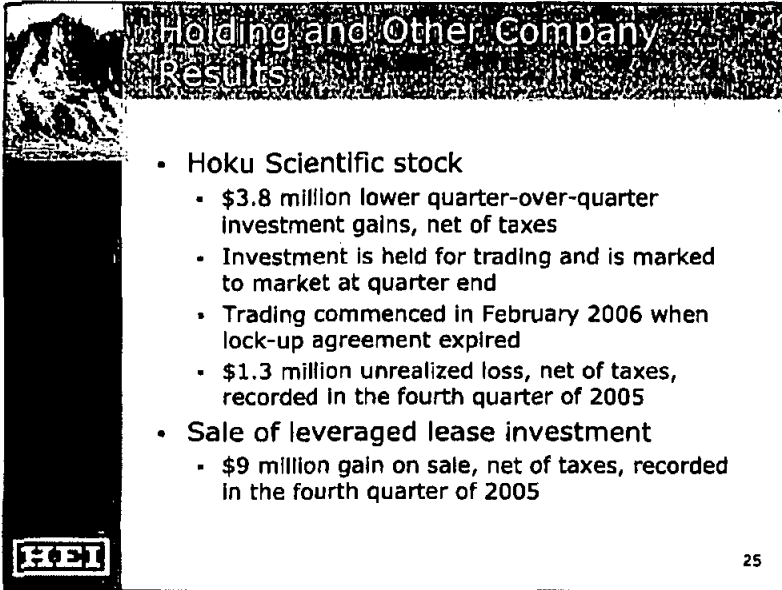


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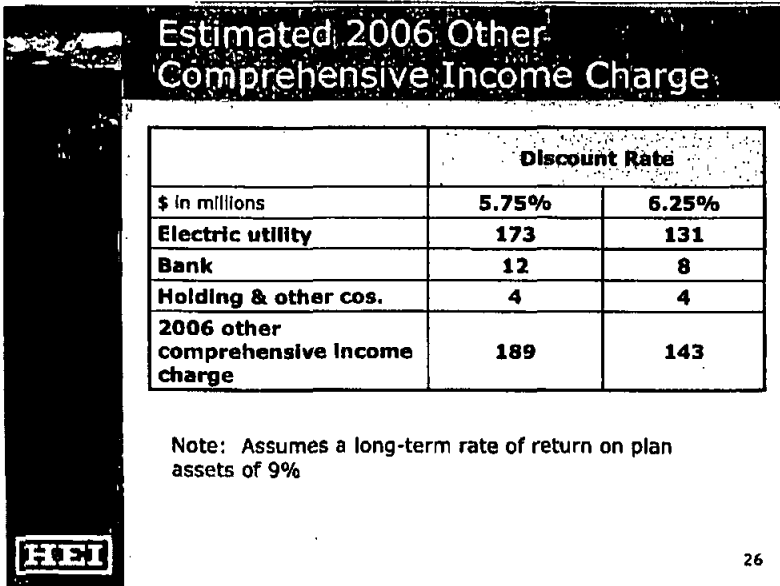




### Holding and Other Company Results

- Hoku Scientific stock
  - \$3.8 million lower quarter-over-quarter investment gains, net of taxes
  - Investment is held for trading and is marked to market at quarter end
  - Trading commenced in February 2006 when lock-up agreement expired
  - \$1.3 million unrealized loss, net of taxes, recorded in the fourth quarter of 2005
- Sale of leveraged lease investment
  - \$9 million gain on sale, net of taxes, recorded in the fourth quarter of 2005

**HEI** 25




### Estimated 2006 Other Comprehensive Income Charge

|   | Discount Rate |            |
|---|---------------|------------|
| \$ in millions                                | 5.75%         | 6.25%      |
| Electric utility                              | 173           | 131        |
| Bank  | 12            | 8          |
| Holding & other cos.                          | 4             | 4          |
| <b>2006 other comprehensive income charge</b> | <b>189</b>    | <b>143</b> |

Note: Assumes a long-term rate of return on plan assets of 9%


**HEI** 26






## Dividend

- Maintain dividend
- Attractive 4.4% yield
- Payout ratio of 82% for the nine months ended September 30, 2006




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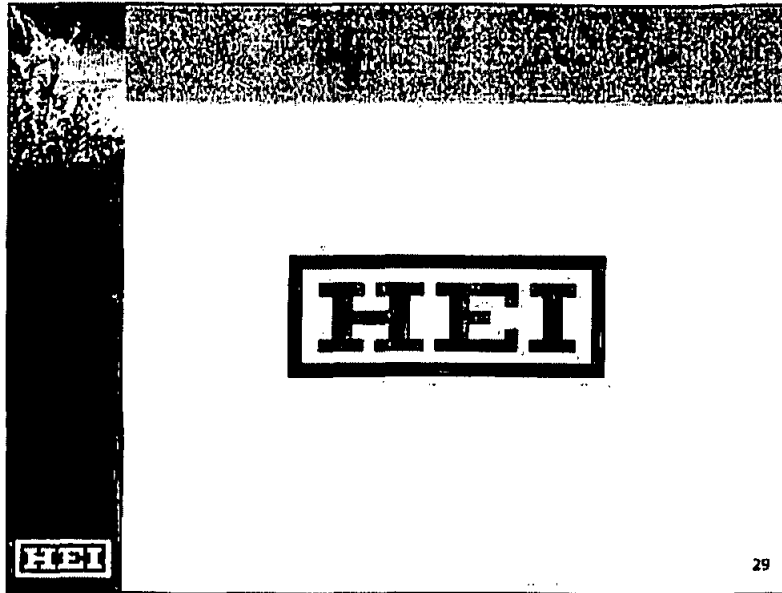
## Factors Affecting Our Core Businesses

- Utility
  - Slightly lower kilowatthour sales for 2006
  - Rising O&M, especially in the fourth quarter
  - Rate case cycle and rate relief
- Bank
  - Continued margin pressure from inverted yield curve
  - Higher cost of funds
  - Stable loan balances for the rest of 2006
  - Excellent credit quality



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## **hawaiian electric industries, inc.**

### **appendices**

#### **Consolidated Financial Statements**

|   |     |
|---|-----|
| Hawaiian Electric Industries, Inc. .... | A1  |
| Hawaiian Electric Company, Inc. ....    | A6  |
| American Savings Bank, F.S.B. ....      | A11 |

#### **Rate Case Summaries**

|   |     |
|---|-----|
| Hawaii Public Utilities Commissioner Biographies .... | A16 |
|---|-----|

#### **Hawaiian Electric Company, Inc.**

|                          |     |
|--------------------------|-----|
| 2005 Oahu Rate Case .... | A17 |
| 1995 Oahu Rate Case .... | A18 |

#### **Hawaii Electric Light Company, Inc.**

|  |     |
|--|-----|
| 2006 Big Island Rate Case ....           | A19 |
| 2000 Big Island Test Year Rate Case .... | A20 |

#### **Maui Electric Company, Limited**

|                          |     |
|--------------------------|-----|
| 1999 Maui Rate Case .... | A21 |
|--------------------------|-----|



**Consolidated Balance Sheets**

 Hawaiian Electric Industries, Inc. and Subsidiaries  
 Unaudited

|   | September 30,       |                     | December 31,        |                     |                     |                     |
|---|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| (in thousands)  | 2006                | 2005                | 2004                | 2003                | 2002                | 2001                |
| <b>ASSETS</b>   |                     |                     |                     |                     |                     |                     |
| Cash and equivalents  | \$ 146,917          | \$ 151,513          | \$ 132,138          | \$ 223,310          | \$ 244,525          | \$ 450,827          |
| Federal funds sold  | 44,687              | 57,434              | 41,491              | 56,678              | -                   | -                   |
| Accounts receivable and unbilled revenues, net                      | 271,203             | 249,473             | 208,533             | 187,716             | 176,327             | 164,124             |
| Available-for-sale investment and mortgage-related securities       | 2,357,012           | 2,629,351           | 2,953,372           | 2,728,748           | 2,744,650           | 2,370,459           |
| Investment in stock of Federal Home Loan Bank of Seattle, at cost   | 97,764              | 97,764              | 97,365              | 94,624              | 89,545              | 84,211              |
| Loans receivable, net   | 3,763,823           | 3,566,834           | 3,249,191           | 3,121,979           | 2,993,989           | 2,857,622           |
| Property, plant and equipment, net                                  | 2,605,392           | 2,542,776           | 2,422,303           | 2,311,888           | 2,241,943           | 2,212,977           |
| Regulatory assets   | 110,335             | 110,718             | 108,630             | 106,542             | 105,568             | 111,376             |
| Other   | 424,712             | 456,134             | 414,971             | 382,228             | 345,002             | 309,867             |
| Goodwill and other intangibles, net                                 | 88,011              | 89,580              | 91,263              | 93,987              | 97,572              | 101,954             |
|   | <u>\$ 9,909,836</u> | <u>\$ 9,951,577</u> | <u>\$ 9,719,257</u> | <u>\$ 9,307,700</u> | <u>\$ 9,039,121</u> | <u>\$ 8,663,417</u> |
| <b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>                         |                     |                     |                     |                     |                     |                     |
| <b>Liabilities</b>  |                     |                     |                     |                     |                     |                     |
| Accounts payable  | \$ 178,132          | \$ 183,336          | \$ 153,943          | \$ 132,780          | \$ 134,418          | \$ 119,850          |
| Deposit liabilities   | 4,540,124           | 4,557,419           | 4,296,172           | 4,026,250           | 3,800,772           | 3,679,586           |
| Short-term borrowings-other than bank                               | 194,211             | 141,758             | 76,611              | -                   | -                   | -                   |
| Other bank borrowings   | 1,511,958           | 1,622,294           | 1,799,669           | 1,848,388           | 1,843,499           | 1,715,932           |
| Long-term debt, net-other than bank                                 | 1,133,137           | 1,142,993           | 1,166,735           | 1,084,420           | 1,108,270           | 1,145,769           |
| Deferred income taxes   | 197,800             | 207,997             | 229,765             | 226,590             | 235,431             | 185,436             |
| Regulatory liabilities  | 235,480             | 219,204             | 197,089             | 178,424             | 162,618             | 145,474             |
| Contributions in aid of construction                                | 265,739             | 256,263             | 235,505             | 233,969             | 218,094             | 213,557             |
| Other   | 380,957             | 369,390             | 318,418             | 273,442             | 257,315             | 293,742             |
|   | <u>8,637,536</u>    | <u>8,700,654</u>    | <u>8,473,907</u>    | <u>7,984,263</u>    | <u>7,758,415</u>    | <u>7,499,346</u>    |
| Minority interests  |                     |                     |                     |                     |                     |                     |
| HEI- and HECO-obligated preferred securities of trust subsidiaries  | -                   | -                   | -                   | 200,000             | 200,000             | 200,000             |
| Preferred stock of subsidiaries-not subject to mandatory redemption | 34,293              | 34,293              | 34,405              | 34,406              | 34,406              | 34,406              |
|   | <u>34,293</u>       | <u>34,293</u>       | <u>34,405</u>       | <u>234,406</u>      | <u>234,406</u>      | <u>234,406</u>      |
| <b>Stockholders' equity</b>   |                     |                     |                     |                     |                     |                     |
| Preferred stock   | -                   | -                   | -                   | -                   | -                   | -                   |
| Common stock  | 1,025,312           | 1,018,966           | 1,010,090           | 888,431             | 839,503             | 787,374             |
| Retained earnings   | 251,768             | 235,394             | 208,998             | 197,774             | 176,118             | 147,837             |
| Accumulated other comprehensive income (loss), net of taxes         | (39,073)            | (37,730)            | (8,143)             | 2,826               | 30,679              | (5,546)             |
|   | <u>1,238,007</u>    | <u>1,216,630</u>    | <u>1,210,945</u>    | <u>1,089,031</u>    | <u>1,046,300</u>    | <u>929,665</u>      |
|   | <u>\$ 9,909,836</u> | <u>\$ 9,951,577</u> | <u>\$ 9,719,257</u> | <u>\$ 9,307,700</u> | <u>\$ 9,039,121</u> | <u>\$ 8,663,417</u> |



**Consolidated Statements of Income**

Hawaiian Electric Industries, Inc. and Subsidiaries  
Unaudited

| Years ended December 31,<br>(in thousands, except per share amounts)   | 2005              | 2004              | 2003              | 2002              | 2001             |
|--|-------------------|-------------------|-------------------|-------------------|------------------|
| <b>Revenues</b>  |                   |                   |                   |                   |                  |
| Electric utility   | \$ 1,806,384      | \$ 1,550,671      | \$ 1,396,685      | \$ 1,257,176      | \$ 1,289,304     |
| Bank   | 387,910           | 364,284           | 371,320           | 399,255           | 444,602          |
| Other  | 21,270            | 9,102             | 13,311            | (2,730)           | (6,629)          |
|  | <u>2,215,564</u>  | <u>1,924,057</u>  | <u>1,781,316</u>  | <u>1,653,701</u>  | <u>1,727,277</u> |
| <b>Expenses</b>  |                   |                   |                   |                   |                  |
| Electric utility   | 1,644,681         | 1,376,768         | 1,220,120         | 1,062,220         | 1,095,359        |
| Bank   | 283,009           | 259,310           | 278,565           | 306,372           | 362,503          |
| Other  | 16,452            | 17,019            | 19,064            | 18,676            | 13,242           |
|  | <u>1,944,142</u>  | <u>1,653,097</u>  | <u>1,517,749</u>  | <u>1,387,268</u>  | <u>1,471,104</u> |
| <b>Operating income (loss)</b>   |                   |                   |                   |                   |                  |
| Electric utility   | 161,703           | 173,903           | 176,565           | 194,956           | 193,945          |
| Bank   | 104,901           | 104,974           | 92,755            | 92,883            | 82,099           |
| Other  | 4,818             | (7,917)           | (5,753)           | (21,406)          | (19,871)         |
|  | <u>271,422</u>    | <u>270,960</u>    | <u>263,567</u>    | <u>266,433</u>    | <u>256,173</u>   |
| Interest expense—other than bank                                       | (75,309)          | (77,176)          | (69,292)          | (72,292)          | (78,726)         |
| Allowance for borrowed funds used during construction                  | 2,020             | 2,542             | 1,914             | 1,855             | 2,258            |
| Preferred stock dividends of subsidiaries                              | (1,894)           | (1,901)           | (2,006)           | (2,006)           | (2,006)          |
| Preferred securities distributions of trust subsidiaries               | -                 | -                 | (16,035)          | (16,035)          | (16,035)         |
| Allowance for equity funds used during construction                    | 5,105             | 5,794             | 4,267             | 3,954             | 4,239            |
| <b>Income from continuing operations before income taxes</b>           | <u>201,344</u>    | <u>200,219</u>    | <u>182,415</u>    | <u>181,909</u>    | <u>165,903</u>   |
| Income taxes   | 73,900            | 92,480            | 64,367            | 63,692            | 58,157           |
| <b>Income from continuing operations</b>                               | <u>127,444</u>    | <u>107,739</u>    | <u>118,048</u>    | <u>118,217</u>    | <u>107,746</u>   |
| <b>Income (loss) from discontinued operations, net of income taxes</b> | <u>(755)</u>      | <u>1,913</u>      | <u>(3,870)</u>    | <u>-</u>          | <u>(24,041)</u>  |
| <b>Net income</b>  | <u>\$ 126,689</u> | <u>\$ 109,652</u> | <u>\$ 114,178</u> | <u>\$ 118,217</u> | <u>\$ 83,705</u> |
| <b>Basic earnings (loss) per common share</b>                          |                   |                   |                   |                   |                  |
| Continuing operations  | \$ 1.58           | \$ 1.36           | \$ 1.58           | \$ 1.63           | \$ 1.60          |
| Discontinued operations  | (0.01)            | 0.02              | (0.05)            | -                 | (0.36)           |
|  | <u>\$ 1.57</u>    | <u>\$ 1.38</u>    | <u>\$ 1.53</u>    | <u>\$ 1.63</u>    | <u>\$ 1.24</u>   |
| <b>Diluted earnings per common share</b>                               | <u>\$ 1.56</u>    | <u>\$ 1.38</u>    | <u>\$ 1.52</u>    | <u>\$ 1.62</u>    | <u>\$ 1.23</u>   |
| <b>Dividends per common share</b>                                      | <u>\$ 1.24</u>    | <u>\$ 1.24</u>    | <u>\$ 1.24</u>    | <u>\$ 1.24</u>    | <u>\$ 1.24</u>   |
| <b>Weighted-average number of common shares outstanding</b>            | <u>80,828</u>     | <u>79,562</u>     | <u>74,696</u>     | <u>72,556</u>     | <u>67,508</u>    |
| <b>Adjusted weighted-average shares</b>                                | <u>81,200</u>     | <u>79,719</u>     | <u>74,974</u>     | <u>72,954</u>     | <u>67,884</u>    |



# **Consolidated Statements of Income**

Hawaiian Electric Industries, Inc. and Subsidiaries

Unaudited

|   | 1Q06       | 2Q06       | 3Q06       | YTD<br>9/30/2006 |
|---|------------|------------|------------|------------------|
| (in thousands, except per share amounts)                    |            |            |            |                  |
| <b>Revenues</b>   |            |            |            |                  |
| Electric utility  | \$ 475,056 | \$ 503,967 | \$ 569,838 | \$ 1,548,861     |
| Bank  | 100,004    | 102,556    | 103,338    | 305,898          |
| Other   | (98)       | (1,554)    | 718        | (934)            |
|   | 574,962    | 604,969    | 673,894    | 1,853,825        |
| <b>Expenses</b>   |            |            |            |                  |
| Electric utility  | 429,476    | 464,121    | 521,187    | 1,414,784        |
| Bank  | 72,989     | 76,397     | 82,760     | 232,146          |
| Other   | 3,346      | 3,722      | 3,591      | 10,659           |
|   | 505,811    | 544,240    | 607,538    | 1,657,589        |
| <b>Operating income (loss)</b>                              |            |            |            |                  |
| Electric utility  | 45,580     | 39,846     | 48,651     | 134,077          |
| Bank  | 27,015     | 26,159     | 20,578     | 73,752           |
| Other   | (3,444)    | (5,276)    | (2,873)    | (11,593)         |
|   | 69,151     | 60,729     | 66,356     | 196,236          |
| Interest expense—other than bank                            | (19,117)   | (19,134)   | (18,275)   | (56,526)         |
| Allowance for borrowed funds used during construction       | 702        | 719        | 838        | 2,259            |
| Preferred stock dividends of subsidiaries                   | (473)      | (473)      | (471)      | (1,417)          |
| Allowance for equity funds used during construction         | 1,548      | 1,588      | 1,838      | 4,974            |
| <b>Income before income taxes</b>                           | 51,811     | 43,429     | 50,286     | 145,526          |
| Income taxes  | 19,474     | 16,205     | 17,963     | 53,642           |
| <b>Net income</b>   | 32,337     | 27,224     | 32,323     | 91,884           |
| <b>Basic earnings per common share</b>                      | \$ 0.40    | \$ 0.34    | \$ 0.40    | \$ 1.13          |
| <b>Diluted earnings per common share</b>                    | \$ 0.40    | \$ 0.33    | \$ 0.40    | \$ 1.13          |
| <b>Dividends per common share</b>                           | \$ 0.31    | \$ 0.31    | \$ 0.31    | \$ 0.93          |
| <b>Weighted-average number of common shares outstanding</b> | 80,981     | 81,100     | 81,213     | 81,099           |
| <b>Adjusted weighted-average shares</b>                     | 81,363     | 81,432     | 81,556     | 81,383           |

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**Consolidated Statements of Income**

Hawaiian Electric Industries, Inc. and Subsidiaries  
Unaudited

| (in thousands, except per share amounts)                             | 1Q05       | 2Q05       | 3Q05       | 4Q05       | 2005         |
|--|------------|------------|------------|------------|--------------|
| <b>Revenues</b>  |            |            |            |            |              |
| Electric utility   | \$ 374,775 | \$ 429,730 | \$ 491,339 | \$ 510,540 | \$ 1,806,384 |
| Bank   | 97,224     | 91,946     | 97,431     | 101,309    | 387,910      |
| Other  | 629        | 586        | 7,145      | 12,910     | 21,270       |
|  | 472,628    | 522,262    | 595,915    | 624,759    | 2,215,564    |
| <b>Expenses</b>  |            |            |            |            |              |
| Electric utility   | 343,169    | 387,083    | 443,806    | 470,623    | 1,644,681    |
| Bank   | 68,271     | 69,744     | 71,493     | 73,501     | 283,009      |
| Other  | 4,517      | 3,986      | 3,377      | 4,572      | 16,452       |
|  | 415,957    | 460,813    | 518,676    | 548,696    | 1,944,142    |
| <b>Operating income (loss)</b>                                       |            |            |            |            |              |
| Electric utility   | 31,608     | 42,647     | 47,533     | 39,917     | 161,703      |
| Bank   | 28,953     | 22,202     | 25,938     | 27,808     | 104,901      |
| Other  | (3,888)    | (3,400)    | 3,768      | 8,338      | 4,818        |
|  | 56,671     | 61,449     | 77,239     | 76,063     | 271,422      |
| Interest expense—other than bank                                     | (18,835)   | (19,130)   | (18,990)   | (18,354)   | (75,309)     |
| Allowance for borrowed funds used during construction                | 427        | 475        | 558        | 560        | 2,020        |
| Preferred stock dividends of subsidiaries                            | (476)      | (474)      | (471)      | (473)      | (1,894)      |
| Allowance for equity funds used during construction                  | 1,087      | 1,182      | 1,406      | 1,430      | 5,105        |
| <b>Income from continuing operations before income taxes</b>         | 38,874     | 43,502     | 59,742     | 59,226     | 201,344      |
| Income taxes   | 14,779     | 15,167     | 22,252     | 21,702     | 73,900       |
| <b>Income from continuing operations</b>                             | 24,095     | 28,335     | 37,490     | 37,524     | 127,444      |
| <b>Discontinued operations—loss on disposal, net of tax benefits</b> | -          | (755)      | -          | -          | (755)        |
| <b>Net income</b>  | \$ 24,095  | \$ 27,580  | \$ 37,490  | \$ 37,524  | \$ 126,689   |
| <b>Basic earnings (loss) per common share</b>                        |            |            |            |            |              |
| Continuing operations  | \$ 0.30    | \$ 0.35    | \$ 0.46    | \$ 0.46    | \$ 1.58      |
| Discontinued operations  | -          | (0.01)     | -          | -          | (0.01)       |
|  | \$ 0.30    | \$ 0.34    | \$ 0.46    | \$ 0.46    | \$ 1.57      |
| <b>Diluted earnings per common share</b>                             | \$ 0.30    | \$ 0.34    | \$ 0.46    | \$ 0.46    | \$ 1.56      |
| <b>Dividends per common share</b>                                    | \$ 0.31    | \$ 0.31    | \$ 0.31    | \$ 0.31    | \$ 1.24      |
| <b>Weighted-average number of common shares outstanding</b>          | 80,701     | 80,814     | 80,903     | 80,925     | 80,828       |
| <b>Adjusted weighted-average shares</b>                              | 81,135     | 81,213     | 81,347     | 81,338     | 81,200       |



**Consolidated Statements of Income**

Hawaiian Electric Industries, Inc. and Subsidiaries  
Unaudited

| (In thousands, except per share amounts)                             | 1Q04       | 2Q04       | 3Q04       | 4Q04       | 2004         |
|--|------------|------------|------------|------------|--------------|
| <b>Revenues</b>  |            |            |            |            |              |
| Electric utility   | \$ 346,813 | \$ 370,605 | \$ 410,077 | \$ 423,376 | \$ 1,550,671 |
| Bank   | 89,258     | 89,982     | 90,296     | 94,748     | 364,284      |
| Other  | 1,239      | 1,211      | 6,386      | 266        | 9,102        |
|  | 437,110    | 461,798    | 506,759    | 518,390    | 1,924,057    |
| <b>Expenses</b>  |            |            |            |            |              |
| Electric utility   | 302,473    | 324,691    | 357,364    | 392,240    | 1,376,768    |
| Bank   | 63,150     | 66,971     | 63,765     | 65,424     | 259,310      |
| Other  | 3,650      | 3,190      | 3,944      | 6,235      | 17,019       |
|  | 369,273    | 394,852    | 425,073    | 463,899    | 1,653,097    |
| <b>Operating income (loss)</b>                                       |            |            |            |            |              |
| Electric utility   | 44,140     | 45,914     | 52,713     | 31,136     | 173,903      |
| Bank   | 26,108     | 23,011     | 26,531     | 29,324     | 104,974      |
| Other  | (2,411)    | (1,979)    | 2,442      | (5,969)    | (7,917)      |
|  | 67,837     | 66,946     | 81,686     | 54,491     | 270,960      |
| Interest expense—other than bank                                     | (21,447)   | (19,106)   | (18,376)   | (18,247)   | (77,176)     |
| Allowance for borrowed funds used during construction                | 644        | 733        | 859        | 306        | 2,542        |
| Preferred stock dividends of subsidiaries                            | (475)      | (475)      | (475)      | (476)      | (1,901)      |
| Allowance for equity funds used during construction                  | 1,449      | 1,673      | 1,934      | 738        | 5,794        |
| <b>Income from continuing operations before income taxes</b>         | 48,008     | 49,771     | 65,628     | 36,812     | 200,219      |
| <b>Income taxes</b>  | 17,076     | 38,533     | 24,869     | 12,002     | 92,480       |
| <b>Income from continuing operations</b>                             | 30,932     | 11,238     | 40,759     | 24,810     | 107,739      |
| <b>Discontinued operations—gain on disposal, net of income taxes</b> | -          | -          | 1,913      | -          | 1,913        |
| <b>Net income</b>  | \$ 30,932  | \$ 11,238  | \$ 42,672  | \$ 24,810  | \$ 109,652   |
| <b>Basic earnings per common share</b>                               |            |            |            |            |              |
| Continuing operations  | \$ 0.40    | \$ 0.14    | \$ 0.51    | \$ 0.31    | \$ 1.36      |
| Discontinued operations  | -          | -          | 0.02       | -          | 0.02         |
|  | \$ 0.40    | \$ 0.14    | \$ 0.53    | \$ 0.31    | \$ 1.38      |
| <b>Diluted earnings per common share</b>                             | \$ 0.40    | \$ 0.14    | \$ 0.53    | \$ 0.31    | \$ 1.38      |
| <b>Dividends per common share</b>                                    | \$ 0.31    | \$ 0.31    | \$ 0.31    | \$ 0.31    | \$ 1.24      |
| <b>Weighted-average number of common shares outstanding</b>          | 76,738     | 80,350     | 80,509     | 80,630     | 79,562       |
| <b>Adjusted weighted-average shares</b>                              | 77,156     | 80,707     | 80,828     | 80,981     | 79,719       |



## Consolidated Balance Sheets

Hawaiian Electric Company, Inc. and Subsidiaries  
Unaudited

|  | September 30, |              | December 31, |              |              |              |
|--|---------------|--------------|--------------|--------------|--------------|--------------|
| (In thousands)   | 2008          | 2005         | 2004         | 2003         | 2002         | 2001         |
| <b>ASSETS</b>  |               |              |              |              |              |              |
| Utility plant, at cost   |               |              |              |              |              |              |
| Property, plant and equipment  | \$ 3,909,666  | \$ 3,782,565 | \$ 3,606,908 | \$ 3,336,004 | \$ 3,217,018 | \$ 3,100,297 |
| Less accumulated depreciation  | (1,534,682)   | (1,456,537)  | (1,361,703)  | (1,290,929)  | (1,205,336)  | (1,120,858)  |
| Construction in progress   | 160,300       | 147,756      | 102,949      | 195,295      | 164,300      | 170,558      |
|  | 2,535,284     | 2,473,784    | 2,348,154    | 2,240,370    | 2,175,980    | 2,149,997    |
| <b>Current assets</b>  |               |              |              |              |              |              |
| Cash and equivalents   | 4,418         | 143          | 327          | 158          | 1,726        | 1,858        |
| Customer accounts receivable, net  | 139,808       | 123,895      | 102,007      | 91,999       | 87,113       | 81,872       |
| Accrued unbilled revenues, net   | 98,689        | 91,321       | 79,028       | 60,372       | 60,098       | 52,623       |
| Other accounts receivable, net   | 6,037         | 14,781       | 6,499        | 2,333        | 2,213        | 2,652        |
| Fuel oil stock, at average cost  | 95,970        | 85,450       | 58,570       | 43,612       | 35,849       | 24,440       |
| Materials and supplies, at average cost  | 30,297        | 26,974       | 23,768       | 21,233       | 19,450       | 19,702       |
| Prepayments and other  | 101,182       | 114,902      | 114,345      | 86,763       | 75,610       | 53,744       |
|  | 476,401       | 457,446      | 384,544      | 306,470      | 281,859      | 236,891      |
| <b>Other long-term assets</b>  |               |              |              |              |              |              |
| Regulatory assets  | 110,335       | 110,718      | 108,630      | 106,542      | 105,568      | 111,376      |
| Other  | 43,252        | 39,513       | 38,287       | 34,416       | 35,597       | 36,948       |
|  | 153,587       | 150,231      | 146,917      | 140,958      | 141,165      | 148,324      |
|  | \$ 3,165,272  | \$ 3,081,461 | \$ 2,879,615 | \$ 2,687,798 | \$ 2,599,004 | \$ 2,535,212 |
| <b>CAPITALIZATION AND LIABILITIES</b>  |               |              |              |              |              |              |
| <b>Capitalization</b>  |               |              |              |              |              |              |
| Common stock equity  | \$ 1,071,818  | \$ 1,039,259 | \$ 1,017,104 | \$ 944,443   | \$ 923,256   | \$ 877,154   |
| Cumulative preferred stock-  |               |              |              |              |              |              |
| not subject to mandatory redemption  | 34,293        | 34,293       | 34,293       | 34,293       | 34,293       | 34,293       |
| HECO-obligated mandatorily redeemable trust preferred securities of subsidiary trusts holding solely HECO and HECO-guaranteed debentures | -             | -            | -            | 100,000      | 100,000      | 100,000      |
| Long-term debt, net  | 766,137       | 765,993      | 752,735      | 699,420      | 705,270      | 670,674      |
|  | 1,872,248     | 1,839,545    | 1,804,132    | 1,778,156    | 1,762,819    | 1,682,121    |
| <b>Current liabilities</b>   |               |              |              |              |              |              |
| Long-term debt due within one year   | -             | -            | -            | -            | -            | 14,595       |
| Short-term borrowings-nonaffiliates  | 145,080       | 136,165      | 76,611       | -            | -            | -            |
| Short-term borrowings-affiliate  | -             | -            | 11,957       | 8,000        | 5,600        | 48,297       |
| Accounts payable   | 107,348       | 122,201      | 94,015       | 72,377       | 59,992       | 53,966       |
| Interest and preferred dividends payable   | 15,905        | 9,990        | 10,738       | 11,303       | 11,532       | 11,765       |
| Taxes accrued  | 163,898       | 133,583      | 105,925      | 93,303       | 79,133       | 86,058       |
| Other  | 36,610        | 37,132       | 34,981       | 34,015       | 28,020       | 29,799       |
|  | 468,839       | 439,071      | 334,227      | 216,998      | 184,277      | 244,480      |
| <b>Deferred credits and other liabilities</b>  |               |              |              |              |              |              |
| Deferred income taxes  | 200,523       | 208,374      | 189,193      | 170,841      | 158,367      | 145,608      |
| Regulatory liabilities   | 235,480       | 219,204      | 197,089      | 178,424      | 162,618      | 145,474      |
| Unamortized tax credits  | 57,373        | 55,327       | 53,208       | 47,066       | 47,985       | 48,512       |
| Other  | 65,070        | 63,677       | 66,261       | 62,344       | 64,844       | 55,460       |
|  | 558,446       | 546,582      | 505,751      | 458,675      | 433,814      | 395,054      |
| Contributions in aid of construction   | 265,739       | 256,263      | 235,505      | 233,669      | 218,094      | 213,557      |
|  | \$ 3,165,272  | \$ 3,081,461 | \$ 2,879,615 | \$ 2,687,798 | \$ 2,599,004 | \$ 2,535,212 |



**Consolidated Statements of Income**

Hawaiian Electric Company, Inc. and Subsidiaries  
Unaudited

| Years ended December 31,<br>(in thousands)               | 2005               | 2004               | 2003               | 2002               | 2001               |
|--|--------------------|--------------------|--------------------|--------------------|--------------------|
| <b>Operating revenues</b>                                | <b>\$1,801,710</b> | <b>\$1,546,875</b> | <b>\$1,393,038</b> | <b>\$1,252,929</b> | <b>\$1,284,312</b> |
| <b>Operating expenses</b>                                |                    |                    |                    |                    |                    |
| Fuel oil   | 639,650            | 483,423            | 388,560            | 310,595            | 346,728            |
| Purchased power  | 458,120            | 398,836            | 368,076            | 326,455            | 337,844            |
| Other operation  | 172,962            | 157,198            | 155,531            | 131,910            | 125,565            |
| Maintenance  | 82,242             | 77,313             | 64,621             | 66,541             | 61,801             |
| Depreciation   | 122,870            | 114,920            | 110,560            | 105,424            | 100,714            |
| Taxes, other than income taxes                           | 167,295            | 143,834            | 130,677            | 120,118            | 120,894            |
| Income taxes   | 45,029             | 50,059             | 50,175             | 58,729             | 55,434             |
|  | <b>1,688,168</b>   | <b>1,425,583</b>   | <b>1,268,200</b>   | <b>1,117,772</b>   | <b>1,148,980</b>   |
| <b>Operating income</b>                                  | <b>113,542</b>     | <b>121,292</b>     | <b>124,838</b>     | <b>135,157</b>     | <b>135,332</b>     |
| <b>Other income</b>                                      |                    |                    |                    |                    |                    |
| Allowance for equity funds used during construction      | 5,105              | 5,794              | 4,267              | 3,954              | 4,239              |
| Other, net   | 3,538              | 3,132              | 1,903              | 3,141              | 3,197              |
|  | <b>8,643</b>       | <b>8,926</b>       | <b>6,170</b>       | <b>7,095</b>       | <b>7,436</b>       |
| <b>Income before interest and other charges</b>          | <b>122,185</b>     | <b>130,218</b>     | <b>131,008</b>     | <b>142,252</b>     | <b>142,768</b>     |
| <b>Interest and other charges</b>                        |                    |                    |                    |                    |                    |
| Interest on long-term debt                               | 43,063             | 42,543             | 40,698             | 40,720             | 40,296             |
| Amortization of net bond premium and expense             | 2,212              | 2,289              | 2,131              | 2,014              | 2,063              |
| Other interest charges                                   | 4,133              | 4,756              | 1,512              | 1,498              | 4,697              |
| Allowance for borrowed funds used during construction    | (2,020)            | (2,542)            | (1,914)            | (1,855)            | (2,258)            |
| Preferred stock dividends of subsidiaries                | 915                | 915                | 915                | 915                | 915                |
| Preferred securities distributions of trust subsidiaries | -                  | -                  | 7,675              | 7,675              | 7,675              |
|  | <b>48,303</b>      | <b>47,961</b>      | <b>51,017</b>      | <b>50,967</b>      | <b>53,388</b>      |
| <b>Income before preferred stock dividends of HECO</b>   | <b>73,882</b>      | <b>82,257</b>      | <b>79,991</b>      | <b>91,285</b>      | <b>89,380</b>      |
| Preferred stock dividends of HECO                        | 1,080              | 1,080              | 1,080              | 1,080              | 1,080              |
| <b>Net income for common stock</b>                       | <b>\$ 72,802</b>   | <b>\$ 81,177</b>   | <b>\$ 78,911</b>   | <b>\$ 90,205</b>   | <b>\$ 88,300</b>   |
| <b>KWH sales (millions)</b>                              | <b>10,090</b>      | <b>10,063</b>      | <b>9,775</b>       | <b>9,544</b>       | <b>9,370</b>       |

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**Consolidated Statements of Income**

Hawaiian Electric Company, Inc. and Subsidiaries

Unaudited

| (in thousands)   | 1Q06       | 2Q06       | 3Q06       | YTD<br>9/30/2006 |
|--|------------|------------|------------|------------------|
| <b>Operating revenues</b>                              | \$ 473,971 | \$ 503,350 | \$ 568,236 | \$ 1,545,557     |
| <b>Operating expenses</b>                              |            |            |            |                  |
| Fuel oil   | 175,338    | 192,314    | 227,288    | 594,940          |
| Purchased power  | 117,720    | 122,438    | 138,758    | 378,916          |
| Other operation  | 42,019     | 47,934     | 46,612     | 136,565          |
| Maintenance  | 17,052     | 22,382     | 23,653     | 63,087           |
| Depreciation   | 32,533     | 32,542     | 32,539     | 97,614           |
| Taxes, other than income taxes                         | 44,523     | 46,218     | 51,985     | 142,726          |
| Income taxes   | 13,224     | 11,020     | 14,665     | 38,909           |
|  | 442,409    | 474,848    | 535,500    | 1,452,757        |
| <b>Operating income</b>                                | 31,562     | 28,502     | 32,736     | 92,800           |
| <b>Other income</b>                                    |            |            |            |                  |
| Allowance for equity funds used during construction    | 1,548      | 1,588      | 1,838      | 4,974            |
| Other, net   | 909        | 521        | 1,379      | 2,809            |
|  | 2,457      | 2,109      | 3,217      | 7,783            |
| <b>Income before interest and other charges</b>        | 34,019     | 30,611     | 35,953     | 100,583          |
| <b>Interest and other charges</b>                      |            |            |            |                  |
| Interest on long-term debt                             | 10,778     | 10,776     | 10,777     | 32,331           |
| Amortization of net bond premium and expense           | 543        | 543        | 565        | 1,651            |
| Other interest charges                                 | 1,913      | 2,226      | 1,285      | 5,424            |
| Allowance for borrowed funds used during construction  | (702)      | (719)      | (838)      | (2,259)          |
| Preferred stock dividends of subsidiaries              | 229        | 229        | 228        | 686              |
|  | 12,761     | 13,055     | 12,017     | 37,833           |
| <b>Income before preferred stock dividends of HECO</b> | 21,258     | 17,556     | 23,936     | 62,750           |
| Preferred stock dividends of HECO                      | 270        | 270        | 270        | 810              |
| <b>Net income for common stock</b>                     | \$ 20,988  | \$ 17,286  | \$ 23,666  | \$ 61,940        |
| <b>KWH sales (millions)</b>                            | 2,390      | 2,460      | 2,678      | 7,528            |



# **Consolidated Statements of Income**

Hawaiian Electric Company, Inc. and Subsidiaries  
Unaudited

| (in thousands)   | 1Q05       | 2Q05       | 3Q05       | 4Q05       | 2005        |
|--|------------|------------|------------|------------|-------------|
| <b>Operating revenues</b>                              | \$ 373,690 | \$ 428,807 | \$ 489,877 | \$ 509,336 | \$1,801,710 |
| <b>Operating expenses</b>                              |            |            |            |            |             |
| Fuel oil   | 115,626    | 148,775    | 182,663    | 192,586    | 639,650     |
| Purchased power  | 101,216    | 106,369    | 122,086    | 128,449    | 458,120     |
| Other operation  | 41,316     | 41,794     | 41,974     | 47,878     | 172,962     |
| Maintenance  | 17,938     | 19,837     | 21,141     | 23,326     | 82,242      |
| Depreciation   | 30,820     | 30,822     | 30,655     | 30,573     | 122,870     |
| Taxes, other than income taxes                         | 35,971     | 39,293     | 44,990     | 47,041     | 167,295     |
| Income taxes   | 7,738      | 12,293     | 13,754     | 11,244     | 45,029      |
|  | 350,625    | 399,183    | 457,263    | 481,097    | 1,688,168   |
| <b>Operating income</b>                                | 23,065     | 29,624     | 32,614     | 28,239     | 113,542     |
| <b>Other income</b>                                    |            |            |            |            |             |
| Allowance for equity funds used during construction    | 1,087      | 1,182      | 1,406      | 1,430      | 5,105       |
| Other, net   | 843        | 777        | 1,191      | 727        | 3,538       |
|  | 1,930      | 1,959      | 2,597      | 2,157      | 8,643       |
| <b>Income before interest and other charges</b>        | 24,995     | 31,583     | 35,211     | 30,396     | 122,185     |
| <b>Interest and other charges</b>                      |            |            |            |            |             |
| Interest on long-term debt                             | 10,909     | 10,656     | 10,731     | 10,767     | 43,063      |
| Amortization of net bond premium and expense           | 556        | 557        | 545        | 554        | 2,212       |
| Other interest charges                                 | 1,073      | 702        | 1,408      | 950        | 4,133       |
| Allowance for borrowed funds used during construction  | (427)      | (475)      | (558)      | (560)      | (2,020)     |
| Preferred stock dividends of subsidiaries              | 229        | 229        | 228        | 229        | 915         |
|  | 12,340     | 11,669     | 12,354     | 11,940     | 48,303      |
| <b>Income before preferred stock dividends of HECO</b> | 12,655     | 19,914     | 22,857     | 18,456     | 73,882      |
| Preferred stock dividends of HECO                      | 270        | 270        | 270        | 270        | 1,080       |
| <b>Net income for common stock</b>                     | \$ 12,385  | \$ 19,644  | \$ 22,587  | \$ 18,186  | \$ 72,802   |
| <b>KWH sales (millions)</b>                            | 2,347      | 2,519      | 2,672      | 2,552      | 10,090      |

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**Consolidated Statements of Income**

Hawaiian Electric Company, Inc. and Subsidiaries  
Unaudited

| (in thousands)   | 1Q04              | 2Q04              | 3Q04              | 4Q04              | 2004                |
|--|-------------------|-------------------|-------------------|-------------------|---------------------|
| <b>Operating revenues</b>                              | <b>\$ 345,944</b> | <b>\$ 369,393</b> | <b>\$ 408,766</b> | <b>\$ 422,772</b> | <b>\$ 1,546,875</b> |
| <b>Operating expenses</b>                              |                   |                   |                   |                   |                     |
| Fuel oil   | 97,086            | 114,496           | 128,584           | 143,257           | 483,423             |
| Purchased power  | 92,239            | 94,267            | 105,985           | 106,345           | 398,836             |
| Other operation  | 34,269            | 36,877            | 39,151            | 46,901            | 157,198             |
| Maintenance  | 16,996            | 15,910            | 17,219            | 27,188            | 77,313              |
| Depreciation   | 28,744            | 28,744            | 28,586            | 28,846            | 114,920             |
| Taxes, other than income taxes                         | 32,884            | 34,198            | 37,588            | 39,164            | 143,834             |
| Income taxes   | 12,887            | 13,779            | 16,788            | 6,605             | 50,059              |
|  | <b>315,105</b>    | <b>338,271</b>    | <b>373,901</b>    | <b>398,306</b>    | <b>1,425,583</b>    |
| <b>Operating income</b>                                | <b>30,839</b>     | <b>31,122</b>     | <b>34,865</b>     | <b>24,466</b>     | <b>121,292</b>      |
| <b>Other income</b>                                    |                   |                   |                   |                   |                     |
| Allowance for equity funds used during construction    | 1,449             | 1,673             | 1,934             | 738               | 5,794               |
| Other, net   | 641               | 1,088             | 1,157             | 246               | 3,132               |
|  | <b>2,090</b>      | <b>2,761</b>      | <b>3,091</b>      | <b>984</b>        | <b>8,926</b>        |
| <b>Income before interest and other charges</b>        | <b>32,929</b>     | <b>33,883</b>     | <b>37,956</b>     | <b>25,450</b>     | <b>130,218</b>      |
| <b>Interest and other charges</b>                      |                   |                   |                   |                   |                     |
| Interest on long-term debt                             | 10,070            | 10,825            | 10,821            | 10,827            | 42,543              |
| Amortization of net bond premium and expense           | 569               | 577               | 578               | 565               | 2,289               |
| Other interest charges                                 | 2,412             | 980               | 743               | 621               | 4,756               |
| Allowance for borrowed funds used during construction  | (644)             | (733)             | (859)             | (306)             | (2,542)             |
| Preferred stock dividends of subsidiaries              | 229               | 229               | 228               | 229               | 915                 |
|  | <b>12,636</b>     | <b>11,878</b>     | <b>11,511</b>     | <b>11,936</b>     | <b>47,961</b>       |
| <b>Income before preferred stock dividends of HECO</b> | <b>20,293</b>     | <b>22,005</b>     | <b>26,445</b>     | <b>13,514</b>     | <b>82,257</b>       |
| Preferred stock dividends of HECO                      | 270               | 270               | 270               | 270               | 1,080               |
| <b>Net income for common stock</b>                     | <b>\$ 20,023</b>  | <b>\$ 21,735</b>  | <b>\$ 26,175</b>  | <b>\$ 13,244</b>  | <b>\$ 81,177</b>    |
| <b>KWH sales (millions)</b>                            | <b>2,368</b>      | <b>2,473</b>      | <b>2,675</b>      | <b>2,547</b>      | <b>10,063</b>       |



**Consolidated Balance Sheets**

American Savings Bank, F.S.B. and Subsidiaries

Unaudited

|   | September 30,       |                    | December 31,       |                    |                    |                    |
|---|---------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| (in thousands)  | 2006                | 2005               | 2004               | 2003               | 2002               | 2001               |
| <b>ASSETS</b>   |                     |                    |                    |                    |                    |                    |
| Cash and equivalents  | \$ 184,757          | \$ 207,564         | \$ 161,786         | \$ 266,276         | \$ 214,704         | \$ 425,595         |
| Available-for-sale investment and mortgage-related securities     | 2,357,012           | 2,629,351          | 2,953,372          | 2,716,624          | 2,736,679          | 2,354,849          |
| Investment in stock of Federal Home Loan Bank of Seattle, at cost | 97,764              | 97,764             | 97,365             | 94,624             | 89,545             | 84,211             |
| Loans receivable, net   | 3,763,823           | 3,566,834          | 3,249,191          | 3,121,979          | 2,993,989          | 2,857,622          |
| Other   | 223,151             | 244,443            | 213,528            | 221,718            | 196,117            | 187,217            |
| Goodwill and other intangibles                                    | 87,888              | 89,379             | 91,263             | 93,987             | 97,572             | 101,954            |
|   | <u>\$ 6,714,395</u> | <u>\$6,835,335</u> | <u>\$6,766,505</u> | <u>\$6,515,208</u> | <u>\$6,328,606</u> | <u>\$6,011,448</u> |
| <b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>                       |                     |                    |                    |                    |                    |                    |
| Deposit liabilities   | \$ 4,540,124        | \$4,557,419        | \$4,296,172        | \$4,026,250        | \$3,800,772        | \$3,679,586        |
| Other borrowings  | 1,511,956           | 1,622,294          | 1,799,669          | 1,848,388          | 1,843,499          | 1,715,932          |
| Other   | 93,237              | 98,189             | 110,938            | 97,429             | 137,888            | 130,494            |
|   | <u>6,145,317</u>    | <u>6,277,902</u>   | <u>6,206,779</u>   | <u>5,972,067</u>   | <u>5,782,159</u>   | <u>5,526,012</u>   |
| Minority interests  | -                   | -                  | 3,415              | 3,417              | 3,417              | 3,409              |
| Preferred stock   | -                   | -                  | -                  | 75,000             | 75,000             | 75,000             |
|   | <u>-</u>            | <u>-</u>           | <u>3,415</u>       | <u>78,417</u>      | <u>78,417</u>      | <u>78,409</u>      |
| Common stock  | 322,809             | 321,538            | 320,501            | 244,568            | 243,628            | 242,786            |
| Retained earnings   | 284,249             | 272,545            | 243,001            | 221,109            | 192,692            | 165,564            |
| Accumulated other comprehensive income (loss)                     | (37,980)            | (36,650)           | (7,191)            | (953)              | 31,710             | (1,323)            |
|   | <u>569,078</u>      | <u>557,433</u>     | <u>556,311</u>     | <u>464,724</u>     | <u>468,030</u>     | <u>407,027</u>     |
|   | <u>\$ 6,714,395</u> | <u>\$6,835,335</u> | <u>\$6,766,505</u> | <u>\$6,515,208</u> | <u>\$6,328,606</u> | <u>\$6,011,448</u> |

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**Consolidated Statements of Income**American Savings Bank, F.S.B. and Subsidiaries  
Unaudited

| Years ended December 31,<br>(dollars in thousands)                                     | 2005       | 2004                   | 2003       | 2002       | 2001       |
|--|------------|------------------------|------------|------------|------------|
| <b>Interest and dividend income</b>  |            |                        |            |            |            |
| Interest and fees on loans   | \$ 205,084 | \$ 184,773             | \$ 198,948 | \$ 203,082 | \$ 231,858 |
| Interest and dividends on investment and mortgage-related securities                   | 125,924    | 122,347                | 113,880    | 143,148    | 167,793    |
|  | 331,008    | 307,120                | 312,828    | 346,230    | 399,651    |
| <b>Interest expense</b>  |            |                        |            |            |            |
| Interest on deposit liabilities  | 52,064     | 47,184                 | 53,808     | 73,631     | 116,531    |
| Interest on other borrowings   | 69,362     | 65,603                 | 69,516     | 79,251     | 97,054     |
|  | 121,426    | 112,787                | 123,324    | 152,882    | 213,585    |
| <b>Net interest income</b>   | 209,582    | 194,333                | 189,504    | 193,348    | 186,066    |
| Provision (reversal of allowance) for loan losses                                      | (3,100)    | (8,400)                | 3,075      | 9,750      | 12,500     |
| <b>Net interest income after provision<br/>(reversal of allowance) for loan losses</b> | 212,682    | 202,733                | 186,429    | 183,598    | 173,566    |
| <b>Noninterest income</b>  |            |                        |            |            |            |
| Fees from other financial services   | 25,790     | 23,560                 | 22,817     | 21,254     | 17,194     |
| Fee income on deposit liabilities  | 16,989     | 17,820                 | 16,971     | 15,734     | 9,401      |
| Fee income on other financial products   | 9,058      | 10,184                 | 9,920      | 10,063     | 8,451      |
| Gain (loss) on sale of securities  | 175        | (70)                   | 4,085      | (640)      | 8,044      |
| Writedown of investments   | -          | -                      | -          | -          | (6,164)    |
| Other income   | 4,890      | 5,670                  | 4,699      | 6,614      | 8,025      |
|  | 56,902     | 57,164                 | 58,492     | 53,025     | 44,951     |
| <b>Noninterest expense</b>   |            |                        |            |            |            |
| Compensation and employee benefits   | 69,082     | 65,052                 | 65,805     | 59,594     | 51,932     |
| Occupancy and equipment  | 30,777     | 30,752                 | 30,546     | 30,086     | 28,638     |
| Services   | 15,466     | 12,863                 | 12,529     | 12,946     | 9,176      |
| Data processing  | 10,598     | 11,794                 | 10,668     | 11,167     | 10,408     |
| Amortization of goodwill and core deposit intangibles                                  | 1,730      | 1,730                  | 1,730      | 1,731      | 6,708      |
| Other expenses   | 37,030     | 32,732                 | 30,888     | 28,216     | 29,558     |
|  | 164,683    | 154,923                | 152,166    | 143,740    | 136,418    |
| <b>Income before minority interests and income taxes</b>                               | 104,901    | 104,974                | 92,755     | 92,883     | 82,099     |
| Minority interests   | 45         | 97                     | 124        | 173        | 213        |
| <b>Income taxes</b>  | 39,969     | 58,404                 | 30,959     | 31,074     | 27,944     |
| <b>Income before preferred stock dividends</b>   | 64,887     | 46,473                 | 61,672     | 61,636     | 53,942     |
| <b>Preferred stock dividends</b>   | 4          | 5,411                  | 5,411      | 5,411      | 5,411      |
| <b>Net income for common stock</b>   | \$ 64,883  | \$ 41,062 <sup>1</sup> | \$ 56,261  | \$ 56,225  | \$ 48,531  |
| <b>Net interest margin</b>   | 3.29%      | 3.15%                  | 3.17%      | 3.37%      | 3.31%      |

<sup>1</sup> 2004 net income included a \$20 million charge to settle a tax dispute with the State of Hawaii concerning the deductibility of dividends from the bank's real estate investment trust subsidiary for tax years 1999-2004.



**Consolidated Statements of Income**American Savings Bank, F.S.B. and Subsidiaries  
Unaudited

| (dollars in thousands)   | 1Q06      | 2Q06      | 3Q06      | YTD<br>9/30/2006 |
|--|-----------|-----------|-----------|------------------|
| <b>Interest and dividend income</b>                                  |           |           |           |                  |
| Interest and fees on loans   | \$ 55,153 | \$ 57,323 | \$ 59,417 | \$ 171,893       |
| Interest and dividends on investment and mortgage-related securities | 30,077    | 30,870    | 28,368    | 89,315           |
|  | 85,230    | 88,193    | 87,785    | 261,208          |
| <b>Interest expense</b>  |           |           |           |                  |
| Interest on deposit liabilities                                      | 15,393    | 17,001    | 19,701    | 52,095           |
| Interest on other borrowings   | 17,162    | 18,308    | 18,891    | 54,361           |
|  | 32,555    | 35,309    | 38,592    | 106,456          |
| <b>Net interest income</b>   | 52,675    | 52,884    | 49,193    | 154,752          |
| Provision for loan losses  | -         | -         | -         | -                |
| <b>Net interest income after provision for loan losses</b>           | 52,675    | 52,884    | 49,193    | 154,752          |
| <b>Noninterest income</b>  |           |           |           |                  |
| Fees from other financial services                                   | 6,440     | 6,742     | 6,548     | 19,730           |
| Fee income on deposit liabilities                                    | 4,189     | 4,376     | 4,653     | 13,218           |
| Fee income on other financial products                               | 2,437     | 2,132     | 1,739     | 6,308            |
| Gain on sale of securities   | -         | -         | 1,735     | 1,735            |
| Other income   | 1,708     | 1,113     | 878       | 3,699            |
|  | 14,774    | 14,363    | 15,553    | 44,690           |
| <b>Noninterest expense</b>   |           |           |           |                  |
| Compensation and employee benefits                                   | 17,837    | 17,476    | 17,398    | 52,711           |
| Occupancy and equipment  | 7,959     | 8,126     | 8,710     | 24,795           |
| Services   | 3,717     | 4,124     | 5,600     | 13,441           |
| Data processing  | 2,460     | 2,547     | 2,534     | 7,541            |
| Other expenses   | 8,461     | 8,815     | 9,926     | 27,202           |
|  | 40,434    | 41,088    | 44,168    | 125,690          |
| <b>Income before income taxes</b>                                    | 27,015    | 26,159    | 20,578    | 73,752           |
| <b>Income taxes</b>  | 10,188    | 9,941     | 7,108     | 27,237           |
| <b>Net income for common stock</b>                                   | \$ 16,827 | \$ 16,218 | \$ 13,470 | \$ 46,515        |
| <b>Net interest margin</b>   | 3.29%     | 3.30%     | 3.10%     | 3.23%            |



**Consolidated Statements of Income**

American Savings Bank, F.S.B. and Subsidiaries  
Unaudited

| (dollars in thousands)   | 1Q05      | 2Q05      | 3Q05      | 4Q05      | 2005       |
|--|-----------|-----------|-----------|-----------|------------|
| <b>Interest and dividend income</b>                                    |           |           |           |           |            |
| Interest and fees on loans   | \$ 48,513 | \$ 50,657 | \$ 52,649 | \$ 53,265 | \$ 205,084 |
| Interest and dividends on investment and mortgage-related securities   | 34,863    | 27,523    | 30,889    | 32,649    | 125,924    |
|  | 83,376    | 78,180    | 83,538    | 85,914    | 331,008    |
| <b>Interest expense</b>  |           |           |           |           |            |
| Interest on deposit liabilities  | 12,017    | 12,460    | 13,355    | 14,232    | 52,064     |
| Interest on other borrowings   | 17,748    | 16,893    | 17,278    | 17,443    | 69,362     |
|  | 29,765    | 29,353    | 30,633    | 31,675    | 121,426    |
| <b>Net interest income</b>   | 53,611    | 48,827    | 52,905    | 54,239    | 209,582    |
| Reversal of allowance for loan losses                                  | (3,100)   | -         | -         | -         | (3,100)    |
| <b>Net interest income after reversal of allowance for loan losses</b> | 56,711    | 48,827    | 52,905    | 54,239    | 212,682    |
| <b>Noninterest income</b>  |           |           |           |           |            |
| Fees from other financial services                                     | 5,863     | 6,333     | 6,512     | 7,082     | 25,790     |
| Fee income on deposit liabilities                                      | 4,171     | 4,092     | 4,311     | 4,415     | 16,989     |
| Fee income on other financial products                                 | 2,435     | 2,154     | 2,191     | 2,278     | 9,058      |
| Gain on sale of securities   | -         | 175       | -         | -         | 175        |
| Other income   | 1,379     | 1,012     | 879       | 1,620     | 4,890      |
|  | 13,848    | 13,766    | 13,893    | 15,395    | 56,902     |
| <b>Noninterest expense</b>   |           |           |           |           |            |
| Compensation and employee benefits                                     | 16,627    | 17,441    | 17,275    | 17,739    | 69,082     |
| Occupancy and equipment  | 7,417     | 7,390     | 7,769     | 8,201     | 30,777     |
| Services   | 3,667     | 3,941     | 3,986     | 3,872     | 15,466     |
| Data processing  | 3,045     | 2,503     | 2,491     | 2,559     | 10,598     |
| Other expenses   | 10,850    | 9,116     | 9,339     | 9,455     | 38,760     |
|  | 41,606    | 40,391    | 40,860    | 41,826    | 164,683    |
| <b>Income before minority interests and income taxes</b>               | 28,953    | 22,202    | 25,938    | 27,808    | 104,901    |
| Minority interests   | 27        | 18        | -         | -         | 45         |
| Income taxes   | 11,162    | 8,631     | 10,027    | 10,149    | 39,969     |
| <b>Income before preferred stock dividends</b>                         | 17,764    | 13,553    | 15,911    | 17,659    | 64,887     |
| Preferred stock dividends  | 3         | 1         | -         | -         | 4          |
| <b>Net income for common stock</b>                                     | \$ 17,761 | \$ 13,552 | \$ 15,911 | \$ 17,659 | \$ 64,883  |
| <b>Net interest margin</b>   | 3.36%     | 3.07%     | 3.33%     | 3.41%     | 3.29%      |



# Consolidated Statements of Income

American Savings Bank, F.S.B. and Subsidiaries  
Unaudited

| (dollars in thousands)   | 1Q04      | 2Q04       | 3Q04      | 4Q04      | 2004       |
|--|-----------|------------|-----------|-----------|------------|
| <b>Interest and dividend income</b>                                    |           |            |           |           |            |
| Interest and fees on loans   | \$ 46,409 | \$ 45,832  | \$ 45,504 | \$ 47,028 | \$ 184,773 |
| Interest and dividends on investment and mortgage-related securities   | 28,825    | 29,224     | 31,227    | 33,071    | 122,347    |
|  | 75,234    | 75,056     | 76,731    | 80,099    | 307,120    |
| <b>Interest expense</b>  |           |            |           |           |            |
| Interest on deposit liabilities  | 12,210    | 11,464     | 11,660    | 11,850    | 47,184     |
| Interest on other borrowings   | 15,743    | 15,578     | 16,488    | 17,794    | 65,603     |
|  | 27,953    | 27,042     | 28,148    | 29,644    | 112,787    |
| <b>Net interest income</b>   | 47,281    | 48,014     | 48,583    | 50,455    | 194,333    |
| Reversal of allowance for loan losses                                  | (1,600)   | (3,000)    | (3,800)   | -         | (8,400)    |
| <b>Net interest income after reversal of allowance for loan losses</b> | 48,881    | 51,014     | 52,383    | 50,455    | 202,733    |
| <b>Noninterest income</b>  |           |            |           |           |            |
| Fees from other financial services                                     | 5,582     | 6,160      | 5,980     | 5,838     | 23,560     |
| Fee income on deposit liabilities                                      | 4,381     | 4,276      | 4,619     | 4,544     | 17,820     |
| Fee income on other financial products                                 | 2,976     | 2,646      | 2,328     | 2,234     | 10,184     |
| Gain (loss) on sale of securities                                      | 16        | -          | (86)      | -         | (70)       |
| Other income   | 1,069     | 1,844      | 724       | 2,033     | 5,670      |
|  | 14,024    | 14,926     | 13,565    | 14,649    | 57,164     |
| <b>Noninterest expense</b>   |           |            |           |           |            |
| Compensation and employee benefits                                     | 15,755    | 15,704     | 16,044    | 17,549    | 65,052     |
| Occupancy and equipment  | 7,923     | 7,651      | 7,520     | 7,658     | 30,752     |
| Services   | 2,531     | 3,190      | 3,292     | 3,850     | 12,863     |
| Data processing  | 2,823     | 2,777      | 2,949     | 3,245     | 11,794     |
| Other expenses   | 7,765     | 13,607     | 9,612     | 3,478     | 34,462     |
|  | 36,797    | 42,929     | 39,417    | 35,780    | 154,923    |
| <b>Income before minority interests and income taxes</b>               | 26,108    | 23,011     | 26,531    | 29,324    | 104,974    |
| Minority interests   | 26        | 23         | 24        | 24        | 97         |
| Income taxes   | 8,803     | 28,584     | 9,776     | 11,241    | 58,404     |
| <b>Income (loss) before preferred stock dividends</b>                  | 17,279    | (5,596)    | 16,731    | 18,059    | 46,473     |
| Preferred stock dividends  | 1,352     | 1,353      | 1,353     | 1,353     | 5,411      |
| <b>Net income (loss) for common stock</b>                              | \$ 15,927 | \$ (6,949) | \$ 15,378 | \$ 16,706 | \$ 41,062  |
| <b>Net interest margin</b>   | 3.12%     | 3.14%      | 3.16%     | 3.10%     | 3.15%      |

Note: 2004 net income included a \$20 million charge to settle a tax dispute with the State of Hawaii concerning the deductibility of dividends from the bank's real estate investment trust subsidiary for tax years 1999-2004.

CA-IR-12  
DOCKET NO. 2006-0386  
PAGE 50 OF 56



**Public Utilities Commission of the State of Hawaii  
Commissioner Biographies**

**Carlito "Carl" P. Callboso, Chairman**

- Serving as Chairman since April 30, 2003
- Serving in second term which ends on June 30, 2010
- Attorney
- Prior to appointment, was a partner in a private law practice, with an emphasis in business and transactional matters, including real estate transactions, land use and commercial finance and leasing
- University of Hawaii (BBA, Finance)
- University of Hawaii (JD)

**John E. Cole**

- Began serving on the Commission in July 2006
- Term ends June 30, 2012
- Executive Director of the Division of Consumer Advocacy, Department of Commerce and Consumer Affairs from May 2004 through June 2006
- Policy Analyst with the office of Governor Linda Lingle
- Staff Attorney for the Division of Consumer Advocacy
- Staff Attorney for the Office of Information Practices
- Attorney for the Hawaii House of Representatives Majority Leaders Ed Case and Marcus Oshiro
- Washington University School of Law in St. Louis, Missouri (JD)
- University of Hawaii at Manoa (BS, Biology, Cum laude)
- St. Joseph High School, Hilo, Hawaii



**HAWAIIAN ELECTRIC INDUSTRIES, INC.**  
Hawaiian Electric Company, Inc.  
**2005 Oahu Rate Case**  
**Docket #04-0113**

|                      |                       |
|----------------------|-----------------------|
| Application date:    | November 12, 2004     |
| Test year:           | Calendar year 2005    |
| Evidentiary hearing: | September 15-19, 2005 |
| Interim decision:    | September 27, 2005    |
| Final decision:      |                       |

| (\$ in millions)                        | <u>REQUEST</u>        | <u>INTERIM</u>  | <u>FINAL</u>  |
|---|-----------------------|-----------------|---|
| Return on average common equity         | 11.50%                | 10.7%           |   |
| Increase                                |                       |                 |   |
| With energy conservation programs       | \$98.6 or 9.9%        | \$53.3 or 4.36% |   |
| Without energy conservation programs    | \$74.2 or 7.3%        | \$41.1 or 3.33% |   |
| Average adjusted rate base              | \$1,092               | \$1,109         |   |
| Return on average adjusted rate base    | 9.11%                 | 8.66%           |   |
| Kilowatthour sales                      | 7,843 GWH             | 7,856 GWH       |   |
| <br><b><u>CAPITAL STRUCTURE (%)</u></b> |                       |                 |   |
|   | <u>Capitalization</u> | <u>Cost</u>     | <u>Capitalization</u> <u>Cost</u> <u>Capitalization</u> <u>Cost</u> |
| Short-term debt                         | 3.47                  | 3.50            | 3.25 3.50   |
| Long-term debt                          | 36.85                 | 6.30            | 36.81 6.25  |
| Hybrid Securities                       | 2.37                  | 7.55            | 2.37 7.55   |
| Preferred stock                         | 1.78                  | 5.54            | 1.78 5.54   |
| Common equity                           | 55.54                 | <u>11.50</u>    | 55.79 <u>10.70</u>  |
| Composite                               |                       | <u>9.11</u>     | <u>8.66</u>   |



**HAWAIIAN ELECTRIC INDUSTRIES, INC.**  
Hawaiian Electric Company, Inc.  
**1995 Oahu Rate Case**  
**Docket #7766**

|                      |                                      |
|----------------------|--------------------------------------|
| Application date:    | December 27, 1993                    |
| Test year:           | Calendar year 1995                   |
| Evidentiary hearing: | November 14-22, 1994                 |
| Interim decisions:   | December 30, 1994<br>August 30, 1995 |
| Final decision:      | December 11, 1995                    |

| (\$ in millions)                          |              | <u>FINAL REQUEST</u>  | <u>INTERIMS</u> | <u>FINAL</u>          |             |
|---|--------------|-----------------------|-----------------|-----------------------|-------------|
| Return on average common equity           |              | 13.25%                | 12.6%           | 11.4%                 |             |
| Increase                                  |              | \$28.2 or 4.1%        | \$18.8 or 2.7%  | \$9.1 or 1.3%         |             |
| Average adjusted rate base                |              | \$802                 | \$755           | \$800                 |             |
| Return on average adjusted rate base      |              | 10.11%                | 9.78%           | 9.16%                 |             |
| Kilowatthour sales                        |              | 6,813 GWH             | 6,813 GWH       | 6,813 GWH             |             |
| <b><u>IMPLEMENTATION STEPS</u></b>        |              |                       |                 |                       |             |
| Interim                                   | Jan 1, 1995  | \$17.9                | \$10.6          |                       |             |
| Merit increase                            | May 1, 1995  | 1.4                   | 1.4             |                       |             |
| Bargaining unit increase                  | Nov 1, 1995  | 1.4                   | 1.4             |                       |             |
| Waiau-CIP transmission line, Phases 1 & 2 | Aug 31, 1995 | <u>7.5</u>            | <u>5.4</u>      |                       |             |
| Total                                     |              | <u>\$28.2</u>         | <u>\$18.8</u>   | <u>\$9.1</u>          |             |
| <b><u>CAPITAL STRUCTURE (%)</u></b>       |              |                       |                 |                       |             |
|   |              | <u>Capitalization</u> | <u>Cost</u>     | <u>Capitalization</u> | <u>Cost</u> |
| Short-term debt                           |              | 5.46                  | 6.00            | 5.46                  | 6.00        |
| Long-term debt                            |              | 38.76                 | 7.24            | 38.76                 | 7.13        |
| Preferred stock                           |              | 6.98                  | 7.28            | 6.98                  | 7.28        |
| Common equity                             |              | 48.80                 | 13.25           | 48.80                 | 11.40       |
| Composite                                 |              | <u>10.11</u>          | <u>9.78</u>     |                       | <u>9.16</u> |



**HAWAIIAN ELECTRIC INDUSTRIES, INC.**  
Hawaii Electric Light Company, Inc.  
**2006 Big Island Rate Case**  
Docket #05-0315

Application date: May 5, 2006  
Test year: Calendar year 2006  
Evidentiary hearing: Week of May 7, 2007  
Interim decision: required 10 months after application date  
Final decision: If evidentiary hearing held

| (\$ in millions)                | <u>APPLICATION</u>    | <u>INTERIMS</u> | <u>FINAL</u>  |
|---------------------------------|-----------------------|-----------------|---|
| Return on average common equity | 11.25%                |                 |   |
| Increase                        | \$29.9 or 9.24%       |                 |   |
| Average rate base               | \$369                 |                 |   |
| Return on average rate base     | 8.65%                 |                 |   |
| Kilowatthour sales              | 1,148 GWH             |                 |   |
| <u>IMPLEMENTATION STEPS</u>     |                       |                 |   |
| Interim                         | Probable Entitlement  |                 |   |
| Final                           | Balance               |                 |   |
| Total                           | <u>\$29.9</u>         |                 |   |
| <u>CAPITAL STRUCTURE (%)</u>    |                       |                 |   |
|                                 | <u>Capitalization</u> | <u>Cost</u>     | <u>Capitalization</u> <u>Cost</u> <u>Capitalization</u> <u>Cost</u> |
| Short-term debt                 | 7.59                  | 5.00            |   |
| Revenue bond                    | 30.96                 | 5.90            |   |
| Taxable debt                    | 6.48                  | 6.20            |   |
| Hybrid securities               | 2.41                  | 7.50            |   |
| Preferred stock                 | 1.73                  | 8.37            |   |
| Common equity                   | 50.83                 | <u>11.25</u>    |   |
| Composite                       |                       | <u>8.65</u>     |   |



**HAWAIIAN ELECTRIC INDUSTRIES, INC.**  
Hawaii Electric Light Company, Inc.  
**2000 Big Island Test Year Rate Case**  
Docket #99-0207

|                      |                    |
|----------------------|--------------------|
| Application date:    | October 25, 1999   |
| Test year:           | Calendar year 2000 |
| Evidentiary hearing: | August 2000        |
| Final decision:      | February 8, 2001   |

| (\$ in millions)                  | FINAL REQUEST                        | INTERIM                 | SECOND INTERIM             | FINAL                           |                 |             |             |              |
|-----------------------------------|--------------------------------------|-------------------------|----------------------------|---------------------------------|-----------------|-------------|-------------|--------------|
| Return on average common equity   | 13.25%                               | 11.65%                  | 11.65%                     | 11.50%                          |                 |             |             |              |
| Increase                          | \$15.5 or 9.0%                       | \$3.5 or 1.9%           | \$2.6 or 1.5%              | \$2.3 or 1.34%                  |                 |             |             |              |
| Average rate base                 | \$263.7                              | \$244.2                 | \$240.0                    | \$249.6                         |                 |             |             |              |
| Return on rate base               | 10.01%                               | 9.21%                   | 9.21%                      | 9.14%                           |                 |             |             |              |
| Kilowatthour sales                | 935.8 GWH                            | 935.8 GWH               | 935.8 GWH                  | 935.8 GWH                       |                 |             |             |              |
| <b>IMPLEMENTATION STEPS</b>       |                                      |                         |                            |                                 |                 |             |             |              |
| Interim                           | \$12.9<br>on Sep 1, 2000             | \$3.5<br>on Sep 1, 2000 |                            | \$3.5                           |                 |             |             |              |
| Hamakua Energy Partners - Phase 2 | \$2.6<br>on or about<br>Nov 21, 2000 |                         | \$2.6<br>On<br>Jan 5, 2001 | \$2.6                           |                 |             |             |              |
| Final                             | Balance not<br>granted above         |                         |                            | \$2.3<br>effective Feb 15, 2001 |                 |             |             |              |
| Total                             | <u>\$15.5</u>                        |                         |                            | <u>\$8.4</u>                    |                 |             |             |              |
| <b>CAPITAL STRUCTURE (%)</b>      |                                      |                         |                            |                                 |                 |             |             |              |
|                                   | <u>CAP.</u>                          | <u>COST</u>             | <u>CAP.</u>                | <u>COST</u>                     | <u>CAP.</u>     | <u>COST</u> | <u>CAP.</u> | <u>COST</u>  |
| Short-term debt                   | 5.78                                 | 6.50                    | 5.78                       | 6.50                            | same as interim |             | 5.78        | 6.50         |
| Long-term debt                    | 36.78                                | 6.49                    | 36.78                      | 6.49                            |                 |             | 36.78       | 6.49         |
| Hybrid securities/pfd stock       | 7.76                                 | 8.54                    | 7.76                       | 8.54                            |                 |             | 7.75        | 8.54         |
| Common equity                     | 49.69                                | <u>13.25</u>            | 49.69                      | <u>11.65</u>                    |                 |             | 49.69       | <u>11.50</u> |
| Composite                         |                                      | <u>10.01</u>            |                            | <u>9.21</u>                     |                 |             |             | <u>9.14</u>  |



**HAWAIIAN ELECTRIC INDUSTRIES, INC.**  
Maui Electric Company, Limited  
**1999 Maui Rate Case**  
Docket #97-0346

|                              |                    |
|------------------------------|--------------------|
| Application date:            | January 9, 1998    |
| Test year:                   | Calendar Year 1999 |
| Evidentiary hearing:         | October 27, 1998   |
| Interim decision:            | December 28, 1998  |
| Final decision (as amended): | April 6, 1999      |

| (\$ in millions)                    | <u>FINAL<br/>REQUEST</u>            | <u>INTERIM</u>                  | <u>FINAL</u>          |              |                       |              |
|-------------------------------------|-------------------------------------|---------------------------------|-----------------------|--------------|-----------------------|--------------|
| Return on average common equity     | 12.75%                              | 11.12%                          | 10.94%                |              |                       |              |
| Increase                            | \$16.4 or 11.9%                     | \$11.7 or 8.5%                  | \$11.3 or 8.2%        |              |                       |              |
| Average rate base                   | \$311                               | \$310                           | \$310                 |              |                       |              |
| Return on rate base                 | 9.72%                               | 8.92%                           | 8.83%                 |              |                       |              |
| Kilowatthour sales                  | 1,063 GWH                           | 1,063 GWH                       | 1,063 GWH             |              |                       |              |
| <b><u>IMPLEMENTATION STEPS</u></b>  |                                     |                                 |                       |              |                       |              |
| Interim                             | \$11.7<br>effective Jan 1, 1999     | \$11.7<br>effective Jan 1, 1999 |                       |              |                       |              |
| Final                               | Balance not<br><u>granted above</u> |                                 | <u>\$11.3</u>         |              |                       |              |
| <b><u>CAPITAL STRUCTURE (%)</u></b> |                                     |                                 |                       |              |                       |              |
|                                     | <u>Capitalization</u>               | <u>Cost</u>                     | <u>Capitalization</u> | <u>Cost</u>  | <u>Capitalization</u> | <u>Cost</u>  |
| Long-term debt                      | 44.03                               | 6.54                            | 44.03                 | 6.54         | 44.03                 | 6.54         |
| Hybrid securities                   | 5.75                                | 8.58                            | 5.75                  | 8.58         | 5.75                  | 8.58         |
| Preferred stock                     | 1.38                                | 8.48                            | 1.38                  | 8.48         | 1.38                  | 8.48         |
| Common equity                       | 48.84                               | <u>12.75</u>                    | 48.84                 | <u>11.12</u> | 48.84                 | <u>10.94</u> |
| Composite                           |                                     | <u>9.72</u>                     |                       | <u>8.92</u>  |                       | <u>8.83</u>  |



CA-IR-13

Please identify every public utility rate proceeding in which Dr. Morin has testified in since 2000 and provide the following information for each proceeding:

- a. Name of Company;
- b. Name of Jurisdiction;
- c. Docket Number;
- d. Date of Testimony;
- e. Cost of Equity Recommended; and
- f. Cost of Equity Authorized.

Dr. Morin's Response:

a. - f. Because old testimonies are available in public records and/or on-line in the Lexis/Nexis data base and/or on regulatory commission Web sites, Dr. Morin does not keep historical records of past testimonies in his archives in view of the public nature of such documents, nor does he rely on such information in his direct testimony. In the response to CA-IR-196 filed in Docket No. 05-0315, the Hawaii Electric Light Company, Inc. rate case, a listing of testimonies in then concluded dockets is provided and includes company name, regulatory agency, docket number and ROE recommended and awarded. The document from Regulatory Research Associates provided in response to CA-IR-15 provides a compilation of ROE awards on a quarterly basis. Dr. Morin notes that ROE recommendations are frequently updated prior to, or during, formal hearings. Dr. Morin also notes that several ROE awards are part of incentive mechanisms with substantial upside potential.



CA-IR-14

Please provide copies of documents cited in the following footnotes:

- a. 7;
- b. 8;
- c. 9; and
- d. 10.

Dr. Morin's Response:

- a. See attachment to the response to CA-RIR-17 filed August 22, 2005 in Docket No. 04-0113.
- b. The Graham & Harvey article cited in footnote 8 was consulted by Dr. Morin at the university library and is available from the Elsevier Journal of Financial Economics Web site: <http://www.sciencedirect.com/science/journal/0304405X>
- c. The cited source was consulted by Dr. Morin at the university library and is available from most university libraries.
- d. See attachment to the response to DOD/HECO-IR-3-25 filed April 13, 2005 in Docket No. 04-0113.



CA-IR-15

Please provide a copy of the source data used in deriving the "Allowed Risk Premiums," as cited on pages 42-43.

Dr. Morin's Response:

With reference to the Allowed ROE Risk Premium Analysis of Dr. Morin's testimony pages 42-43, the annual allowed ROE data was taken from Regulatory Research Associates, Inc.'s (*"Regulatory Focus"*, Major Rate Case Decisions – December 2005) comprehensive survey of ROE decisions by regulators over the period 1996-2005 for electric utilities. The underlying data necessary for the analysis along with the statistical regression are shown below. The dependent variable is the Risk Premium data shown in Column 5 while the independent variable is the bond yield data shown in Column 4.

| Number of<br>Decisions<br>(1) | Year<br>(2) | ROE<br>Gas<br>(3) | Bond<br>Yield<br>(4) | Risk<br>Premium<br>(5) |
|-------------------------------|-------------|-------------------|----------------------|------------------------|
| 22                            | 1996        | 11.4              | 6.7                  | 4.7                    |
| 11                            | 1997        | 11.4              | 6.6                  | 4.8                    |
| 10                            | 1998        | 11.7              | 5.6                  | 6.1                    |
| 20                            | 1999        | 10.8              | 5.9                  | 4.9                    |
| 12                            | 2000        | 11.4              | 5.9                  | 5.5                    |
| 18                            | 2001        | 11.1              | 5.5                  | 5.6                    |
| 22                            | 2002        | 11.2              | 5.4                  | 5.7                    |
| 22                            | 2003        | 11.0              | 5.0                  | 6.0                    |
| 19                            | 2004        | 10.8              | 5.1                  | 5.7                    |
| 29                            | 2005        | 10.5              | 4.5                  | 6.0                    |



Regression Results from Lotus 123 Regression function  
1995-2004    Regression    Output

|                      |                |
|----------------------|----------------|
| Constant             | <b>9.1508</b>  |
| Std Err of Y Est     | 0.2828         |
| R Squared            | <b>0.74</b>    |
| No. of Observations  | 10             |
| Degrees of Freedom   | 8              |
| <br>X Coefficient(s) | <b>-0.6505</b> |
| Std Err of Coef.     | 0.1371         |
| t-value              | -4.7           |

A copy of the most recent edition of this document is attached. The attached copy is being provided under the "fair use" exception to the copyright laws. Any copies made of the attachment are subject to the copyright laws. The bond yields were obtained from the Federal Reserve Bank Web site:

30-Year Treasury Constant Maturity Rate  
Averages of Business Days  
Percent  
Source: H.15 Release -- Federal Reserve Board of Governors



Regulatory Research Associates

An SNL Energy Company

# REGULATORY POOLS

Regulatory Study  
October 5, 2006

## MAJOR RATE CASE DECISIONS—JANUARY-SEPTEMBER 2006

For the first nine months of 2006, the average electric equity return authorization by state commissions was 10.34% (15 determinations), slightly below the 10.54% average for calendar-2005. The average gas equity return authorization for the first three quarters of 2006 was 10.49% (9 determinations), which is in line with the 10.46% average for calendar-2005. Not included in these averages is a September 20, 2006 steam rate case decision for Consolidated Edison of New York, in which the New York Public Service Commission adopted a settlement that incorporates a 9.8% return on common equity (48% of capital) and a 7.74% return on rate base.

After reaching a low in the late-1990's and early-2000's, the total number of equity return determinations for energy companies increased somewhat and stabilized beginning in 2002. Relatively low inflation and interest rates, competitive pressures, technological improvements, the use of settlements that do not specify return parameters, and a reduced number of companies due to mergers, may continue to prevent the number of determinations from increasing substantially. However, increased costs (especially medical insurance and pension expenses) and the need for generation and delivery system infrastructure upgrades and expansion at many companies, argue for at least a modest increase in the number of cases to be filed and decided over the next several years. We also note that electric industry restructuring in many states has led to the unbundling of rates, with state commissions authorizing revenue requirement and return parameters for transmission and/or distribution operations only (which we footnote in our chronology table), thus complicating data comparability. The tables included in this study are extensions of those contained in the January 12, 2006 Regulatory Study entitled *Major Rate Case Decisions--January 2004-December 2005--Supplemental Study*. Refer to that report for information concerning individual rate case decisions that were rendered in 2004 and 2005.

The table on page 2 shows annual average equity returns authorized since 1996, and by quarter since 2000, in major electric and gas rate decisions, followed by the number of determinations during each period. The tables on page 3 present the composite industry data for items in the chronology of this and earlier reports, summarized annually since 1996, and quarterly for the most recent seven quarters. The individual electric and gas cases decided in the first nine months of 2006 are listed on pages 4 and 5, with the decision date shown first, followed by the company name, the abbreviation for the state issuing the decision, the authorized rate of return (ROR), return on equity (ROE), and percentage of common equity in the adopted capital structure. Next we show the month and year in which the adopted test year ended, whether the commission utilized an average or a year-end rate base, and the amount of the permanent rate change authorized. The dollar amounts represent the permanent rate change ordered at the time decisions were rendered. Fuel adjustment clause rate changes are not reflected in this study.



2.

RRA

**Average Equity Returns Authorized January 1996 - September 2006**

(Return Percent - No. of Observations)

| Period |              | Electric<br>Utilities | Gas<br>Utilities |
|--------|--------------|-----------------------|------------------|
| 1996   | Full Year    | 11.39 (22)            | 11.19 (20)       |
| 1997   | Full Year    | 11.40 (11)            | 11.29 (13)       |
| 1998   | Full Year    | 11.66 (10)            | 11.51 (10)       |
| 1999   | Full Year    | 10.77 (20)            | 10.66 (9)        |
| 2000   | 1st Quarter  | 11.06 (5)             | 10.71 (1)        |
|        | 2nd Quarter  | 11.11 (2)             | 11.08 (4)        |
|        | 3rd Quarter  | 11.68 (2)             | 11.33 (5)        |
|        | 4th Quarter  | 12.08 (3)             | 12.50 (2)        |
| 2000   | Full Year    | 11.43 (12)            | 11.39 (12)       |
| 2001   | 1st Quarter  | 11.38 (2)             | 11.16 (4)        |
|        | 2nd Quarter  | 10.88 (2)             | 10.75 (1)        |
|        | 3rd Quarter  | 10.78 (8)             | — (0)            |
|        | 4th Quarter  | 11.50 (6)             | 10.65 (2)        |
| 2001   | Full Year    | 11.09 (18)            | 10.95 (7)        |
| 2002   | 1st Quarter  | 10.87 (5)             | 10.67 (3)        |
|        | 2nd Quarter  | 11.41 (6)             | 11.64 (4)        |
|        | 3rd Quarter  | 11.06 (4)             | 11.50 (3)        |
|        | 4th Quarter  | 11.20 (7)             | 10.78 (11)       |
| 2002   | Full Year    | 11.16 (22)            | 11.03 (21)       |
| 2003   | 1st Quarter  | 11.47 (7)             | 11.38 (5)        |
|        | 2nd Quarter  | 11.16 (4)             | 11.36 (4)        |
|        | 3rd Quarter  | 9.95 (5)              | 10.61 (5)        |
|        | 4th Quarter  | 11.09 (6)             | 10.84 (11)       |
| 2003   | Full Year    | 10.97 (22)            | 10.99 (25)       |
| 2004   | 1st Quarter  | 11.00 (3)             | 11.10 (4)        |
|        | 2nd Quarter  | 10.54 (6)             | 10.25 (2)        |
|        | 3rd Quarter  | 10.33 (2)             | 10.37 (8)        |
|        | 4th Quarter  | 10.91 (8)             | 10.66 (6)        |
| 2004   | Full Year    | 10.75 (19)            | 10.59 (20)       |
| 2005   | 1st Quarter  | 10.51 (7)             | 10.65 (2)        |
|        | 2nd Quarter  | 10.05 (7)             | 10.54 (5)        |
|        | 3rd Quarter  | 10.84 (4)             | 10.47 (5)        |
|        | 4th Quarter  | 10.75 (11)            | 10.40 (14)       |
| 2005   | Full Year    | 10.54 (29)            | 10.46 (26)       |
| 2006   | 1st Quarter  | 10.38 (3)             | 10.63 (6)        |
|        | 2nd Quarter  | 10.69 (5)             | 10.50 (2)        |
|        | 3rd Quarter  | 10.06 (7)             | 9.60 (1)         |
| 2006   | Year-To-Date | 10.34 (15)            | 10.49 (9)        |



RRA

3.

**Electric Utilities--Summary Table\***

|      | Period       | ROR<br>%  | ROE<br>%   | Eq. as %<br>Cap. Struc. | Amt.<br>\$ Mil. |
|------|--------------|-----------|------------|-------------------------|-----------------|
| 1996 | Full Year    | 9.21 (20) | 11.39 (22) | 44.34 (20)              | -5.6 (38)       |
| 1997 | Full Year    | 9.16 (12) | 11.40 (11) | 48.79 (11)              | -553.3 (33)     |
| 1998 | Full Year    | 9.44 (9)  | 11.66 (10) | 46.14 (8)               | -429.3 (31)     |
| 1999 | Full Year    | 8.81 (18) | 10.77 (20) | 45.08 (17)              | -1,683.8 (30)   |
| 2000 | Full Year    | 9.20 (12) | 11.43 (12) | 48.85 (12)              | -291.4 (34)     |
| 2001 | Full Year    | 8.93 (15) | 11.09 (18) | 47.20 (13)              | 14.2 (21)       |
| 2002 | Full Year    | 8.72 (20) | 11.16 (22) | 46.27 (19)              | -475.4 (24)     |
| 2003 | Full Year    | 8.86 (20) | 10.97 (22) | 49.41 (19)              | 313.8 (22)      |
| 2004 | Full Year    | 8.44 (18) | 10.75 (19) | 46.84 (17)              | 1,092.6 (30)    |
| 2005 | 1st Quarter  | 8.57 (6)  | 10.51 (7)  | 44.55 (7)               | 482.1 (8)       |
|      | 2nd Quarter  | 8.27 (5)  | 10.05 (7)  | 48.30 (5)               | 180.2 (9)       |
|      | 3rd Quarter  | 7.78 (4)  | 10.84 (4)  | 43.58 (4)               | 40.2 (5)        |
|      | 4th Quarter  | 8.37 (11) | 10.75 (11) | 48.55 (11)              | 671.2 (14)      |
| 2005 | Full Year    | 8.31 (26) | 10.54 (29) | 46.73 (27)              | 1,373.7 (36)    |
| 2006 | 1st Quarter  | 8.13 (3)  | 10.38 (3)  | 50.25 (3)               | 444.6 (9)       |
|      | 2nd Quarter  | 8.02 (5)  | 10.69 (5)  | 45.40 (4)               | 130.7 (6)       |
|      | 3rd Quarter  | 7.89 (7)  | 10.06 (7)  | 46.86 (6)               | 177.0 (9)       |
| 2006 | Year-To-Date | 7.98 (15) | 10.34 (15) | 47.19 (13)              | 752.3 (24)      |

**Gas Utilities--Summary Table\***

|      |              |           |            |            |            |
|------|--------------|-----------|------------|------------|------------|
| 1996 | Full Year    | 9.25 (23) | 11.19 (20) | 47.69 (19) | 193.4 (34) |
| 1997 | Full Year    | 9.13 (13) | 11.29 (13) | 47.78 (11) | -82.5 (21) |
| 1998 | Full Year    | 9.46 (10) | 11.51 (10) | 49.50 (10) | 93.9 (20)  |
| 1999 | Full Year    | 8.86 (9)  | 10.66 (9)  | 49.06 (9)  | 51.0 (14)  |
| 2000 | Full Year    | 9.33 (13) | 11.39 (12) | 48.59 (12) | 135.9 (20) |
| 2001 | Full Year    | 8.51 (6)  | 10.95 (7)  | 43.96 (5)  | 114.0 (11) |
| 2002 | Full Year    | 8.80 (20) | 11.03 (21) | 48.29 (18) | 303.6 (26) |
| 2003 | Full Year    | 8.75 (22) | 10.99 (25) | 49.93 (22) | 260.1 (30) |
| 2004 | Full Year    | 8.34 (21) | 10.59 (20) | 45.90 (20) | 303.5 (31) |
| 2005 | 1st Quarter  | 8.19 (3)  | 10.65 (2)  | 43.00 (1)  | 50.8 (4)   |
|      | 2nd Quarter  | 8.17 (5)  | 10.54 (5)  | 47.69 (4)  | 99.5 (6)   |
|      | 3rd Quarter  | 8.15 (6)  | 10.47 (5)  | 49.54 (5)  | 75.3 (7)   |
|      | 4th Quarter  | 8.33 (15) | 10.40 (14) | 49.03 (14) | 232.8 (17) |
| 2005 | Full Year    | 8.25 (29) | 10.46 (26) | 48.66 (24) | 458.4 (34) |
| 2006 | 1st Quarter  | 8.62 (6)  | 10.63 (6)  | 51.18 (6)  | 138.7 (6)  |
|      | 2nd Quarter  | 7.98 (1)  | 10.50 (2)  | 44.38 (2)  | -4.8 (2)   |
|      | 3rd Quarter  | 7.05 (1)  | 9.60 (1)   | 45.00 (1)  | 14.1 (1)   |
| 2006 | Year-To-Date | 8.35 (8)  | 10.49 (9)  | 48.98 (9)  | 148.0 (9)  |

\* Number of observations in each period indicated in parentheses.



4.

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**ELECTRIC UTILITY DECISIONS**

| Date                                     | Company (State)                          | ROR<br>%    | ROE<br>%     | Common<br>Eq. as %<br>Cap. Str. | Test Year<br>&<br>Rate Base | Amt.<br>\$ Mil. |
|--|--|-------------|--------------|---------------------------------|-----------------------------|-----------------|
| 1/5/06                                   | Northern States Power (WI)               | 8.94 (G)    | 11.00        | 53.66                           | 12/06-A                     | 43.4            |
| 1/25/06                                  | Wisconsin Electric Power (WI)            | —           | —            | —                               | —                           | 229.7 (1)       |
| 1/27/06                                  | United Illuminating (CT)                 | 6.88 (2)    | 9.75         | 48.00                           | 12/04-A                     | 41.2 (R,Di,Z,2) |
| 2/22/06                                  | PacifiCorp (WY)                          | —           | —            | —                               | —                           | 25.0 (B,Z)      |
| 2/23/06                                  | Aquila Networks-MPS (MO)                 | —           | —            | —                               | —                           | 22.4 (B)        |
| 2/23/06                                  | Aquila Networks-L&P (MO)                 | —           | —            | —                               | —                           | 3.9 (B)         |
| 3/3/06                                   | Interstate Power and Light (MN)          | 8.58        | 10.39        | 49.10                           | 12/04-A                     | 1.2 (I,B)       |
| 3/14/06                                  | Kentucky Power (KY)                      | —           | —            | —                               | —                           | 41.0 (B)        |
| 3/29/06                                  | Entergy Gulf States (LA)                 | —           | —            | —                               | —                           | 36.8 (I,B)      |
| <b>2006 1ST QUARTER: AVERAGES/TOTAL</b>  |  | <b>8.13</b> | <b>10.38</b> | <b>50.25</b>                    |                             | <b>444.6</b>    |
| <b>MEDIAN</b>                            |  | <b>8.58</b> | <b>10.39</b> | <b>49.10</b>                    |                             | <b>—</b>        |
| <b>OBSERVATIONS</b>                      |  | <b>3</b>    | <b>3</b>     | <b>3</b>                        |                             | <b>9</b>        |
| 4/17/06                                  | PacifiCorp (WA)                          | 8.10        | 10.20        | 46.00                           | 9/04-A                      | 0.0             |
| 4/18/06                                  | MidAmerican Energy (IA)                  | —           | 11.90 (3)    | —                               | —                           | —               |
| 4/25/06                                  | Delmarva Power & Light (DE)              | 7.17        | 10.00        | 47.72                           | 3/05-A                      | -11.1 (Di)      |
| 4/26/06                                  | Sierra Pacific Power (NV)                | 8.96        | 10.60        | 40.76                           | 5/05-YE                     | -14.0           |
| 5/12/06                                  | Idaho Power (ID)                         | 8.10        | —            | —                               | 12/05                       | 18.1 (B)        |
| 5/17/06                                  | Southern California Edison (CA)          | —           | —            | —                               | 12/06-A                     | 133.9 (4)       |
| 6/27/06                                  | Upper Peninsula Power (MI)               | 7.75        | 10.75        | 47.12                           | 12/06                       | 3.8 (B)         |
| <b>2006 2ND QUARTER: AVERAGES/TOTAL</b>  |  | <b>8.02</b> | <b>10.69</b> | <b>45.40</b>                    |                             | <b>130.7</b>    |
| <b>MEDIAN</b>                            |  | <b>8.10</b> | <b>10.60</b> | <b>46.56</b>                    |                             | <b>—</b>        |
| <b>OBSERVATIONS</b>                      |  | <b>5</b>    | <b>5</b>     | <b>4</b>                        |                             | <b>6</b>        |
| 7/6/06                                   | Maine Public Service (ME)                | 8.45        | 10.20        | 50.00                           | 12/05                       | 1.8 (B,Di)      |
| 7/24/06                                  | Central Hudson Gas & Electric (NY)       | 7.05 (5)    | 9.60         | 45.00                           | 3/06-A                      | 53.7 (B,Z,TD)   |
| 7/26/06                                  | AEP West Virginia (WV)                   | 7.60        | 10.50        | —                               | 12/04-A                     | 111.7 (B,Z)     |
| 7/28/06                                  | Commonwealth Edison (IL)                 | 8.01        | 10.05        | 42.86                           | 12/04-YE                    | 8.3 (TD,6)      |
| 8/23/06                                  | New York State Electric & Gas (NY)       | 7.18        | 9.55         | 41.60                           | 12/07-A                     | -36.3 (TD)      |
| 8/31/06                                  | Detroit Edison (MI)                      | —           | —            | —                               | —                           | -78.8 (B,Z)     |
| 9/1/06                                   | Northern States Power (MN)               | 8.81        | 10.54        | 51.67                           | 12/06-A                     | 131.5 (I,7)     |
| 9/5/06                                   | CenterPoint Energy Houston Electric (TX) | —           | —            | —                               | —                           | -57.9 (B,TD)    |
| 9/14/06                                  | PacifiCorp (OR)                          | 8.16        | 10.00        | 50.00                           | 12/07-A                     | 43.0 (B,6)      |
| <b>2006 3RD QUARTER: AVERAGES/TOTAL</b>  |  | <b>7.89</b> | <b>10.06</b> | <b>46.88</b>                    |                             | <b>177.0</b>    |
| <b>MEDIAN</b>                            |  | <b>8.01</b> | <b>10.05</b> | <b>47.50</b>                    |                             | <b>—</b>        |
| <b>OBSERVATIONS</b>                      |  | <b>7</b>    | <b>7</b>     | <b>6</b>                        |                             | <b>9</b>        |
| <b>2006 YEAR-TO-DATE: AVERAGES/TOTAL</b> |  | <b>7.98</b> | <b>10.34</b> | <b>47.19</b>                    |                             | <b>752.3</b>    |
| <b>MEDIAN</b>                            |  | <b>8.10</b> | <b>10.20</b> | <b>47.42</b>                    |                             | <b>—</b>        |
| <b>OBSERVATIONS</b>                      |  | <b>15</b>   | <b>15</b>    | <b>13</b>                       |                             | <b>24</b>       |



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5.

**GAS UTILITY DECISIONS**

| Date                                     | Company (State)                    | ROR<br>%    | ROE<br>%     | Common<br>Eq. as %<br>Cap. Str. | Test Year<br>&<br>Rate Base | Amt.<br>\$ Mil. |
|--|------------------------------------|-------------|--------------|---------------------------------|-----------------------------|-----------------|
| 1/5/06                                   | Northern States Power (WI)         | 8.94 (G)    | 11.00        | 53.66                           | 12/06-A                     | 3.9             |
| 1/25/06                                  | Wisconsin Electric Power (WI)      | 8.52 (G)    | 11.20        | 56.34                           | 12/06-A                     | 21.4            |
| 1/25/06                                  | Wisconsin Gas (WI)                 | 8.29 (G)    | 11.20        | 50.20                           | 12/06-A                     | 38.7            |
| 2/3/06                                   | Public Service of Colorado (CO)    | 8.70        | 10.50        | 55.49                           | 12/04-A                     | 22.5 (B)        |
| 2/23/06                                  | Southwest Gas (AZ)                 | 8.40        | 9.50         | 40.00 (Hy)                      | 8/04-YE                     | 49.3            |
| 3/1/06                                   | Aquila (IA)                        | 8.88        | 10.40 (E)    | 51.39                           | 12/04-A                     | 2.9 (I,B)       |
| <b>2006 1ST QUARTER: AVERAGES/TOTAL</b>  |                                    | <b>8.62</b> | <b>10.63</b> | <b>51.18</b>                    |                             | <b>138.7</b>    |
| <b>MEDIAN</b>                            |                                    | <b>8.61</b> | <b>10.75</b> | <b>52.53</b>                    |                             | <b>—</b>        |
| <b>OBSERVATIONS</b>                      |                                    | <b>6</b>    | <b>6</b>     | <b>6</b>                        |                             | <b>6</b>        |
| 4/26/06                                  | Sierra Pacific Power (NV)          | 7.98        | 10.60        | 40.76                           | 5/05-YE                     | 4.9             |
| 5/25/06                                  | LA Gas Service/Trans LA Gas (LA)   | —           | 10.40        | 48.00 (Hy)                      | —                           | — (B)           |
| 5/26/06                                  | Questar Gas (UT)                   | —           | —            | —                               | —                           | -9.7 (B)        |
| <b>2006 2ND QUARTER: AVERAGES/TOTAL</b>  |                                    | <b>7.98</b> | <b>10.50</b> | <b>44.38</b>                    |                             | <b>-4.8</b>     |
| <b>MEDIAN</b>                            |                                    | <b>7.98</b> | <b>10.50</b> | <b>44.38</b>                    |                             | <b>—</b>        |
| <b>OBSERVATIONS</b>                      |                                    | <b>1</b>    | <b>2</b>     | <b>2</b>                        |                             | <b>2</b>        |
| 7/24/06                                  | Central Hudson Gas & Electric (NY) | 7.05 (5)    | 9.60         | 45.00                           | 3/06-A                      | 14.1 (B,Z,Di)   |
| <b>2006 3RD QUARTER: AVERAGES/TOTAL</b>  |                                    | <b>7.05</b> | <b>9.60</b>  | <b>45.00</b>                    |                             | <b>14.1</b>     |
| <b>MEDIAN</b>                            |                                    | <b>7.05</b> | <b>9.60</b>  | <b>45.00</b>                    |                             | <b>—</b>        |
| <b>OBSERVATIONS</b>                      |                                    | <b>1</b>    | <b>1</b>     | <b>1</b>                        |                             | <b>1</b>        |
| <b>2006 YEAR-TO-DATE: AVERAGES/TOTAL</b> |                                    | <b>8.35</b> | <b>10.49</b> | <b>48.98</b>                    |                             | <b>148.0</b>    |
| <b>MEDIAN</b>                            |                                    | <b>8.46</b> | <b>10.50</b> | <b>50.20</b>                    |                             | <b>—</b>        |
| <b>OBSERVATIONS</b>                      |                                    | <b>8</b>    | <b>9</b>     | <b>9</b>                        |                             | <b>9</b>        |

**FOOTNOTES**

- A- Average
  - B- Order followed stipulation or settlement by the parties. Decision particulars not necessarily precedent-setting or specifically adopted by the regulatory body.
  - Di- Rate change applicable to electric distribution rates only.
  - E- Estimated
  - G- Return on capital
  - Hy- Hypothetical capital structure utilized
  - I- Interim rates implemented prior to the issuance of final order, normally under bond and subject to refund.
  - TD- Rate change applicable to electric transmission and distribution rates only.
  - YE- Year-end
  - Z- Rate change implemented in multiple steps.
  - \* Capital structure includes cost-free items or tax credit balances at the overall rate of return.
- (1) The electric rate increase was not supported by a traditional cost-of-service analysis, but reflected recovery of certain specific costs.
  - (2) Indicated rate increase to be phased-in over four years, with a 6.88% ROR authorized for 2006, 6.89% for 2007, 7.09% for 2008, and 7.48% for 2009.
  - (3) ROE applies only to a proposed 545-mW wind generation project.
  - (4) Increase is net of a \$139.6 million one-time reduction resulting from a post-retirement-benefits-other-than-pensions overcollection. Additional increases of \$73.5 million and \$104.1 million authorized for 2007 and 2008, respectively.
  - (5) Multi-year rate increase adopted. Authorized ROR for year one is 7.05%, for year two is 7.09%, and for year three is 7.13%.
  - (6) Rate increase to become effective 1/1/07.
  - (7) Rate increase declines to \$114.9 million effective 1/1/07.

Dennis Spurduto



CA-IR-16

Please indicate if Dr. Morin is aware of any academic or other studies that maintain that all investors rely exclusively on analysts' forecasts of earnings per share in making investment decisions. Please cite any such studies that maintain this and indicate specifically where in the studies such a claim is made.

Dr. Morin's Response:

Extensive academic research in the past two decades has documented and confirmed repeatedly the overwhelming superiority of analysts' earnings forecasts over the uni-variate time-series forecasts. This latter category includes many *ad hoc* forecasts from statistical models, ranging from the naive methods of simple averages, moving averages, etc. to the sophisticated time-series techniques such as the Box-Jenkins modeling techniques.

In other words, this literature suggests that analysts' earnings forecasts incorporate all the public information available to the analysts and the public at the time the forecasts are released. Furthermore, these forecasts are statistically more accurate than forecasts solely based on historical earnings, dividends, book value equity, and the like.

This finding is based on researches on data from 1950s to 1980s. Important papers include Brown and Rozeff (1978), Cragg and Malkiel (1982), Harris (1986), Vander Weide and Carleton (1988), and Lys and Sohn (1990). The cited sources were consulted by Dr. Morin at the university library and are available from most university libraries. A summary of these papers follows.

**Summary of Papers Reviewed**

Lawrence D. Brown and Michael S. Rozeff, 1978, **The Superiority of Analyst Forecasts as Measures of Expectations: Evidence from Earnings**, *Journal of Finance*, Vol. XXXIII, No. 1, pp. 1 to 16



Using data (1951 to 1975) from 50 non-utility firms, the authors compared forecasting errors between forecasts reported in Value Line Investment Survey and forecasts from a sophisticated time-series methodology (Box-Jenkins). They concluded that "Value Line Investment Survey consistently makes significantly better earnings forecasts than the BJ [Box-Jenkins] and naive time series models." (p.13)

J. Cragg and B. G. Malkiel, *Expectations and the Structure of Share Prices*, National Bureau of Economic Research, University of Chicago Press, 1982

See quotation below from Harris (1986).

Robert S. Harris, 1986, *Using Analysts' Growth Forecasts to Estimate Shareholder Required Rates of Return*, *Financial Management*, Spring 1986, pp. 58 - 67

The main focus of this paper was to derive required return on equity using expected rather than historical earnings growth rates. Harris used IBES consensus earnings forecasts as a proxy for investor expectation. In his review of the literature on financial analysts' forecasts (FAF), Harris wrote:

Moreover, a growing body of knowledge shows that analysts' earnings forecasts are indeed reflected in stock prices. Such studies typically employ a consensus measure of FAF calculated as a simple average of forecasts by individual analysts. Elton, Gruber, and Gultekin show that stock prices react more to changes in analysts' forecasts of earnings than they do to changes in earnings themselves, suggesting the usefulness of FAF as a surrogate for market expectations. In an extensive NBER study using analysts' earnings forecasts, Cragg and Malkiel conclude "the expectations formed by Wall Street professionals get quickly and thoroughly impounded into the prices of securities. Implicitly, we have found that the evaluations of companies that analysts make are the sorts of ones on which market valuation is based." (p.59, footnote omitted)

James H. Vander Weide and Willard T. Carleton, 1988, *Investor Growth Expectations: Analysts vs. History*, *The Journal of Portfolio Management*, Spring 1988, pp. 78 - 82



This paper updated the study by Cragg and Malkiel (1982), which suggests that the stock valuation process embodies analysts' forecasts rather than historically based growth figures such as the ten-year historical growth in dividends per share or the five-year growth in book value per share. (The Cragg and Malkiel study is based on data for the 1960s).

In this paper, the authors used data from 1971- 1983 for approximately sixty-five utility firms. They "found overwhelming evidence that the consensus analysts' forecasts of future growth is superior to historically oriented growth measures in predicting the firm's stock price." Their results "also are consistent with the hypothesis that investors use analysts' forecasts, rather than historically oriented growth calculations, in making stock buy-and-sell decisions." (p. 81)

Thomas Lys and Sungkyu Sohn, 1990, **The Association between Revisions of Financial Analysts' Earnings Forecasts and Security-Price Changes**, *Journal of Accounting and Economics*, vol. 13, pp. 341 - 363

Using virtually all publicly available analyst earnings forecasts for a sample of 58 companies in the 1980 - 86 period (over 23,000 individual forecasts by 100 analyst firms), the authors showed that stock returns responded to individual analyst earnings forecasts, even when they were closely preceded by earnings forecast made by other analysts or by corporate accounting disclosures.

Empirical studies have also been conducted showing that investors who rely primarily on data obtained from several large reputable investment research houses and security dealers obtain better results than those who do not<sup>1</sup>. Thus, both empirical research and common sense indicate that investors rely primarily on analysts' growth rate forecasts rather than on historical growth rates alone.

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<sup>1</sup>Examples of these studies include Stanley, Lewellen & Schlarbaum (1981) and Touche Ross Co. (1982).



See attached reference list.

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### **Analyst Forecasts References**

Brown, L.D. and Rozeff, M.S. "The Superiority of Analyst Forecasts as Measures of Expectations: Evidence from Earnings." *Journal of Finance*, March 1978, 1-16.

Cragg, J.G. and Malkiel, B.G. "Expectations and the Structure of Share Prices." National Bureau of Economic Research. Chicago: University of Chicago Press, 1982.

Cragg, J.G. and Malkiel, B.G. "The Consensus and Accuracy of Some Predictions of the Growth of Corporate Earnings." *Journal of Finance*, March 1968, 67-84.

Easterwood, J. C. and Nutt, S. R., "Inefficiency in Analysts' Earnings Forecasts: Systematic Misreaction or Systematic Optimism?" *Journal of Finance*, Vol. LIV, No. 5, 1999, pp. 1777-1797.

Elton, E.J., Gruber, M.J., and Gultekin, J. "Expectations and Share Prices." *Management Science*, September 1981, 975-981.

Fried, D. and Givoly, D., "Financial Analysts Forecasts of Earnings, A Better Surrogate for Market Expectations", *Journal of Accounting and Economics*, Vol. 4, 1982.

Harris, R. S., "Using Analysts' Growth Forecasts to Estimate Shareholder Required Rates of Return." *Financial Management*, Spring 1986, pp. 58 – 67.

Harris, R. S., and Marston, F. C., "The Market Risk Premium: Expectational Estimates Using Analysts' Forecasts," *Journal of Applied Finance*, 11:6-16, 2001.

Lys, T. and Sohn, S., "The Association between Revisions of Financial Analysts' Earnings Forecasts and Security-Price Changes," *Journal of Accounting and Economics*, vol. 13, 1990, pp. 341 – 363.



Moyer, R. C., Chatfield, R. E., and Kelley, G. D., "The Accuracy of Long-Term Earnings Forecasts in the Electric Utility Industry," *International Journal of Forecasting* Vol. I, 1985.

Stanley, L., Lewellen, W., and Schlarbaum, G. "Further Evidence on the Value of Professional Investment Research," *Journal of Financial Research*, Spring 1981, 1-9.

Timme, S.G. and Eiseman, P.C. "On the Use of Consensus Forecasts of Growth in the Constant Growth Model: The Case of Electric Utilities." *Financial Management*, Winter 1989, 23-35.

Touche Ross Co. "Proxy Disclosures and Stockholder Attitude Survey." Washington DC: National Association of Corporate Directors, May 1982.

Vander Weide, J.H. and Carleton, W. T. "Investor Growth Expectations: Analysts vs. History." *The Journal of Portfolio Management*, Spring 1988, 78-87.



CA-IR-17

**Re: Statement on page 54, lines 12-13.**

Please indicate if Dr. Morin is aware of any “evidence” that challenges the use of analysts’ forecasts of earnings as an indicator of stock price performance and/or cost of capital estimation.

**Dr. Morin’s Response:**

Some studies provide evidence that analysts make biased forecasts and misinterpret the impact of new information<sup>1</sup>. For example, several studies in the early 1990s suggest that analysts either systematically under-react or over-react to new information. Easterwood & Nutt (1999) discriminate between these different reactions and reported that analysts under-react to negative information, but over-react to positive information. The recent studies do not necessarily contradict the earlier literature. The earlier research focused on whether analysts’ earnings forecasts are better at forecasting future earnings than historical averages, whereas the recent literature investigates whether the analysts’ earnings forecasts are unbiased estimates of future earnings. It is possible that even if the analysts’ forecasts are biased, they are still closer to future earnings than the historical averages, although this hypothesis has not been tested in the recent studies. One way to assess the concern that analysts’ forecasts may be biased upward is to incorporate into the analysis the growth forecasts of independent research firms, such as Value Line, in addition to the analyst consensus forecast. Unlike investment banking firms and stock brokerage firms, independent research firms such as Value Line have no incentive to distort earnings growth estimates in order to bolster interest in common stocks.

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<sup>1</sup> Other relevant papers corroborating the superiority of analysts forecasts as predictors of future returns versus historical growth rates include: Fried & Givoly (1982), Moyer, Chatfield & Kelley (1985), and Gordon, Gordon & Gould (1989).



Some argue that analysts tend to forecast earnings growth rates that exceed those actually achieved and that this optimism biases the DCF results upward. The magnitude of the optimism bias for large rate-regulated companies in stable segments of an industry is likely to be very small. Empirically, the severity of the optimism problem is unclear for regulated utilities, if a problem exists at all. It is interesting to note that Value Line forecasts for utility companies made by independent analysts with no incentive for over- or understating growth forecasts are not materially different from those published by analysts in security firms with incentives not based on forecast accuracy, and may in fact be more robust. If the optimism problem exists at all, it can be circumvented by relying on multiple-stage DCF models that substitute long-term economic growth for analysts growth forecasts in the second and/or third stages of the model.

See reference list attached to response to CA-IR-16.



CA-IR-18

Please identify and provide copies of any analyses used by Dr. Morin in deriving the 0.25% risk adjustment he adds to the cost of equity for the average risk electric utility in order to develop a 11.25% cost of equity for HECO.

Dr. Morin's Response:

Dr. Morin adjusted the initial cost of equity estimate based on the industry average upward by 25 basis points in order to reflect the Company's smaller size and weaker than average effective capital structure engendered by the debt-like purchased power contracts.

An upward adjustment to the initial cost of common equity estimate based on an average risk electric utility is required to reflect the additional risk attributable to the company's weaker than average capital structure engendered by the debt-like purchased power contracts. Since the capital structure difference amounts to about 10%, that is,  $57\% - 47\% = 10\%$ , the required upward adjustment to the cost of equity ranges from 7.6 to 13.8 basis points times 10, which equals approximately 76-138 basis points.

One can also examine utility bond yield spreads as a guide for the proper risk adjustment. Dr. Morin notes that at the time of preparing his testimony, yield spreads between A-rated and BBB-rated bonds were approximately 40 basis points.

A third framework to quantify the risk differential is based on the CAPM. Given the observed range in the betas of electric utilities, it is reasonable to state that on account of its small size and purchased power burden relative to other electric utilities, the Company's beta factor increases by 0.05. The CAPM formula can then be used to approximate the return (cost of equity) differences implied by the increase in beta. The basic form of the CAPM states that the return differential is given by the differential in beta times the excess return on the market, ( $R_M -$



$R_F$ ). The return differential implied by an increase in beta of 0.05 is given by 0.05 times the market risk premium ( $R_M - R_F$ ). Using an estimate of 7% for ( $R_M - R_F$ ), the return adjustment is 35 basis points.

Based on all these considerations and various frameworks, Dr. Morin recommended a very conservative increase of 25 basis points.



CA-IR-19

**Re: Risk adjustment proposed for HECO.**

Please provide the following information for each cost of equity analysis that Dr. Morin has performed over the period 2000 to the present:

- a. Average cost of equity (i.e., CAPM, Risk Premium, and DCF – as shown on page 64) for the average risk electric or natural gas utility; and
- b. Adjustment proposed for subject utility in each case.

**Dr. Morin's Response:**

a. - b. Dr. Morin does not possess such historical information, and nor did he rely on such information in his testimony. Whenever a risk adjustment was warranted, Dr. Morin has typically applied a risk premium ranging from 25 to 50 basis points in order to account for risk differentials between a subject utility and the industry average, including size, bond rating, and/or common equity differentials.



CA-IR-20

Please provide copies of S&P articles cited in footnote 11.

HECO Response:

The first two articles cited in footnote 11 were provided in Docket No. 05-0315 (HELCO 2006 TY Rate Case) filed on May 5, 2006 as Exhibit HELCO-1811 and HELCO-1812. However, copies of the articles are attached. The third article cited in footnote 11 was provided in HECO-1911 of this proceeding.



## CreditMatters

Energy, Utility & Project Finance Edition

### U.S. Utility Downside Rating Actions Moderated Significantly in 2004

Primary Credit Analyst(s):  
Barbara A. Eisman, New York (1) 212-438-7566;  
barbara\_eisman@standardandpoors.com  
Secondary Credit Analyst(s):  
Brendan Dalton, New York;  
brendan\_dalton@standardandpoors.com

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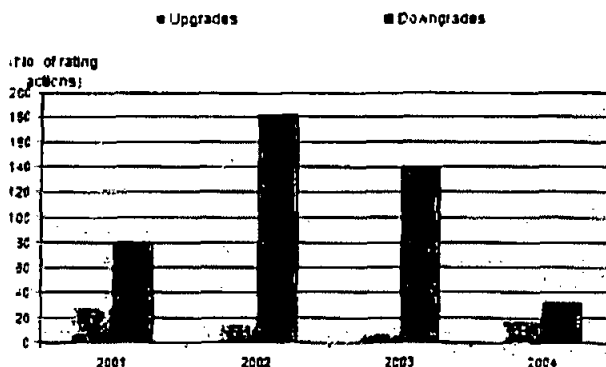
Fourth-Quarter CreditWatch  
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Fourth-Quarter Outlook  
Revisions To Stable

The pace and scale of negative rating activity in the U.S. utility sector (electric, gas, pipeline, and water companies) continue to diminish significantly from the tumultuous activity of the past four years (see chart 1). Standard & Poor's Ratings Services recorded just 33 downgrades of holding companies and operating subsidiaries, compared with 18 upgrades during 2004. In the fourth quarter alone, there were nine downgrades and six upgrades. In stark contrast to 2004, there were 147 rating changes (139 downgrades and eight upgrades) in 2003, an unprecedented 197 rating changes (182 downgrades and 15 upgrades) in 2002, 110 rating changes (81 downgrades and 29 upgrades) in 2001, and 85 rating changes in 2000 (65 downgrades and 20 upgrades). The actual number of outlook changes and new CreditWatch listings, while still predominately negative, declined dramatically in 2004.

Chart 1

#### U.S. Utilities Rating Trends



The emergence of more stabilizing conditions for the industry in 2004 can be traced to stronger balance sheets, increasing free cash flow, improved liquidity, large common stock issuances, expectations of sustained profitability, and a back-to-basics approach whereby certain companies sold their riskier, unregulated assets.

Yet, several other themes have surfaced as important factors for utility credit quality. These include:

- The rising importance of regulatory decisions in certain states,
- The increase of merger and acquisition activity,
- A relatively low interest-rate regimen, and
- Attractive debt capital markets that allow many issuers to refinance at favorable rates.

Despite these trends, challenges associated with weak credit metrics and stagnant power markets in many regions pressure certain issuers' financial performance.

Rate-making has become a more prevalent ratings driver in certain jurisdictions. Filings and rulings on rate cases in states such as Arizona, Oregon, Missouri, and Texas could affect ratings in the near term. In addition, the opposing views of certain state regulatory bodies and the FERC on such issues as restructuring the regional transmission systems and incorporating merchant plants of affiliated companies into the rate base will likely lead to a



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protracted struggle among those regulatory bodies for oversight. Regulatory rulings were meaningful factors in the downgrades of DTE Energy Co. (BBB/Stable/A-2) and IDACORP Inc. (BBB+/Stable/A-2). For IDACORP, an unsupportive rate order compounded by weak financial measures led to lower ratings. For Detroit Edison Co., a unit of DTE Energy, despite the granting of a decision that provided a substantial increase in rates and contained many favorable characteristics, the credit measures would not improve enough in the near term to be commensurate with the ratings. In the case of Empire District Electric Co., (BBB/Watch Neg/A-2), its ratings were placed on CreditWatch with negative implications following an unsupportive recommendation in Empire's pending general rate case by the staff of the Missouri Public Service Commission (MPSC). If the staff's position is ultimately endorsed by the MPSC, Empire's already pressured financial condition will erode. A final order is expected by March 27, 2005.

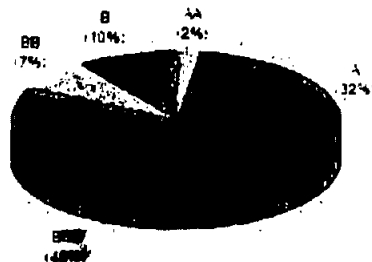
Prospectively, the challenges of achieving often long-postponed rate relief and sustaining supportive regulatory relationships will be crucial to sustaining or enhancing future creditworthiness.

Another trend that has become a more prominent ratings issue is merger and acquisition activity. Recently, Exelon Corp. (A-/Watch Neg/A-2) announced a merger with Public Service Enterprise Group Inc. (PSEG: BBB/Watch Dev/A-3) that would create the industry's largest utility holding company. Exelon's ratings were placed on CreditWatch with negative implications, while PSEG's ratings were placed on CreditWatch with developing implications. The ratings on NUI Utilities Inc. (A-/Negative/-) and the outlook on AGL Resources Inc. (A-/Negative/A-2) were also affected by their transaction, which was completed in December. In addition, Illinois Power Co. (A-/Negative/-) was upgraded when its acquisition by Ameren Corp. (A-/Negative/A-2) was completed. Although it is unclear whether these transactions presage a rise in merger and acquisition activity, there apparently is increasing interest.

#### Industry Ratings Remain Entrenched in the 'BBB' Category

The average rating for the power industry and energy sector as a whole remains solidly entrenched in the mid-'BBB' category (see chart 2). The ratings distribution has not changed much over the past 12 months, with about 48% of the sector carrying ratings in the 'BBB' category (including 'BBB+' and 'BBB-') and roughly 35% rated 'A-' and higher. However, the percentage of companies with speculative-grade ratings has marginally declined to 17% versus 18% one year ago, reflecting six entities coming out of bankruptcy.

Chart 2  
Fourth-Quarter 2004 Ratings Distribution

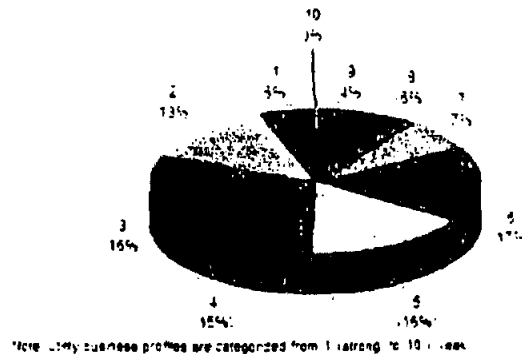


Despite the moderation in the pace and severity of downside rating actions, any notable upturn in ratings quality is unlikely in the near term given the still large number of negative outlooks (100) and negative CreditWatch listings (10). Any acceleration in merger and acquisition activity would also weigh heavily on creditworthiness over the intermediate term. Hence, Standard & Poor's does not expect that the industry as a whole will deviate from the current 'BBB' level.

The U.S. power sector is relatively highly rated, certainly compared with the average 'BB' category for U.S. industrial companies. This is a function of the large percentage of firms (83%) carrying average or above-average business profiles (see chart 3). A firm's business profile incorporates an analysis of the qualitative factors of management, competitive positioning, operations, markets, regulation (if appropriate), as well as nonregulated businesses, typically energy marketing and trading.



Chart 3  
Fourth-Quarter 2004 Business Profile Distribution

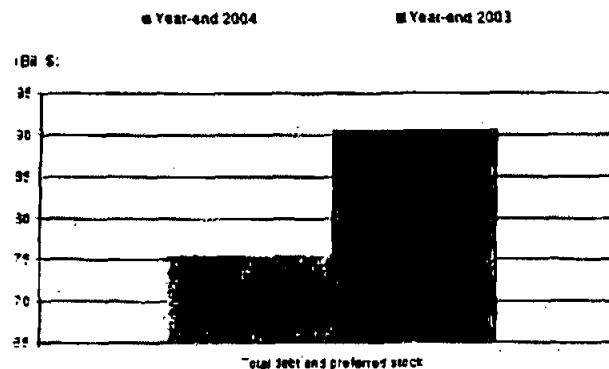


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#### Capital Market Update

Reliance on external capital for the U.S. power industry declined considerably in the past 12 months (see chart 4). The amount of medium- to long-term debt and preferred stock issued during 2004 was about \$78 billion, compared with about \$91 billion in 2003. The decrease in financing activity reflects the significant amount of refinancing completed in 2003 and early 2004 as well as the winding down of certain environmental-compliance programs.

Chart 4  
Total Debt and Preferred Stock Financing



Although interest rates are expected to gradually rise, debt financing could pick in 2005 as many companies start building new generating facilities, and if the recent merger and acquisition activity continues.

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#### Credit Metrics Stabilizing

Bondholder protection parameters began to stabilize at the end of 2002, and certain cash flow ratios actually strengthened, reflecting a focus on debt reduction and lower-risk utility operations. Based on a sampling of U.S. utilities, total debt, including hybrid preferred securities and off-balance-sheet obligations, stood at 59.5% of total capital at Sept. 30, 2004 (the latest period in which comparable data are available), compared with 62% at the end of 2001. This level of debt, while just one measure of financial health, is characteristic of a low 'BBB'/high 'BB' category credit with an average business profile. Other measures of bondholder protection have also gradually recovered. Adjusted funds from operations (FFO) to total debt for the 12 months ended Sept. 30, 2004 was about 18% (a level suitable for utilities in the 'BBB' group with an average business position) compared with



18.6% posted in 2001. FFO interest coverage for the same period was 3.6x (coverage commensurate for utilities in strong 'BBB' area with an average business profile) from the 3.3x calculated in 2001. This developing trend in financial ratios is an important reason for the significant moderation in downward rating actions across the energy sector. (See charts 5 through 8.)

Chart 5  
**Adjusted FFO Interest Coverage**

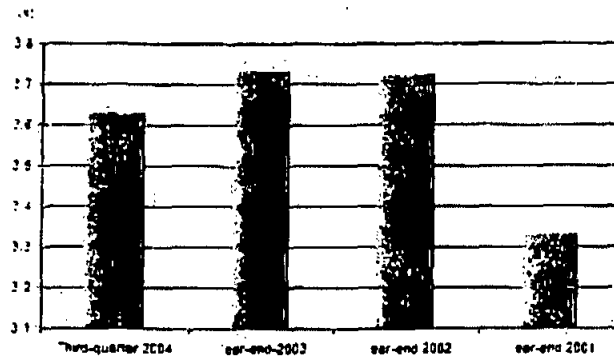


Chart 6  
**Adjusted FFO to Avg. Total Debt**

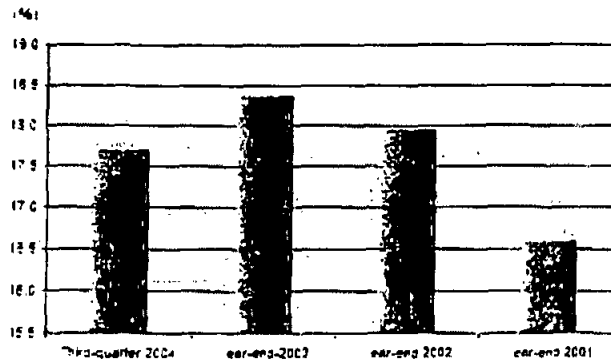




Chart 7  
**Adjusted Total Debt to Total Capital**

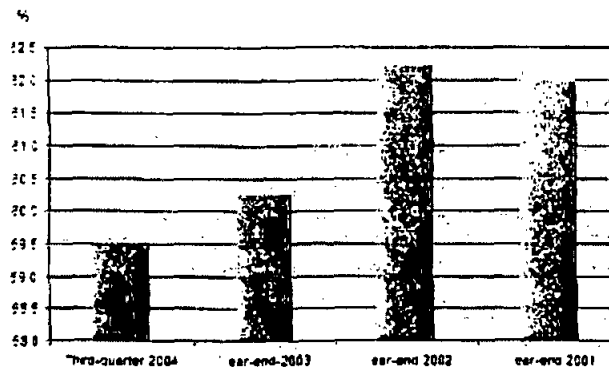
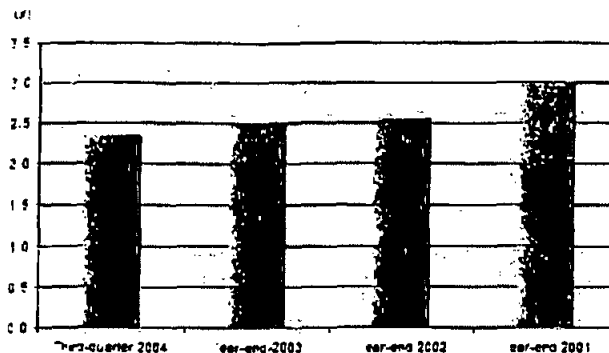


Chart 8  
**Adjusted EBIT/Interest Coverage**



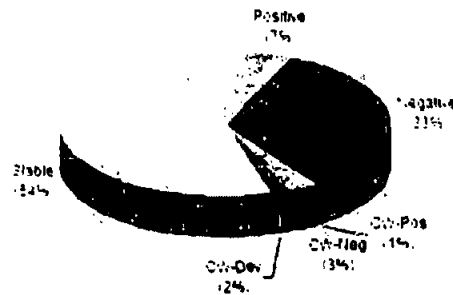
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#### Looking Ahead

At the end of December 2004, 54% of all utility rating outlooks were stable, which is comparable with the 53% recorded at year-end 2003. This high level of ratings stability is attributable mainly to the substantial number of ratings that have been lowered that carried a negative credit outlook or CreditWatch listing and have since been lowered. Nonetheless, the percentage of outlooks that are negative (33%) continues to strongly overshadow positive outlooks, which stand at 7% (see chart 9).



Chart 9  
Fourth-Quarter 2004 Outlook Distribution



This high percentage of negative outlooks results mostly from:

- Strained financial profiles.
- Weak competitive positioning.
- Refinancing risk for certain companies.
- Unsuccessful diversification.
- Excess generating capacity that has resulted in a sluggish wholesale power market, and
- Acquisitions of financially weaker utilities.

For some companies, execution risk remains the reason for the negative outlook. CreditWatch listings stand at about 8%, and the bias is still negative. A CreditWatch listing is typically driven by events such as mergers and acquisitions, or the vulnerability of an issuer to a potentially unsupportive regulatory decision. Of all the companies on CreditWatch, 10 carry a negative listing, two positive, and five developing (which indicates that a rating may be raised, lowered, or affirmed).

Standard & Poor's expects the industry as a whole to retain its solid investment-grade characteristics. Traditional, nondiversified utilities should remain relatively stable, with little of the downward pressure experienced elsewhere in the energy industry. The financial profile of these companies has generally withstood the considerable pressure that wholesale power markets have applied to companies with open, or uncontracted, positions. Moreover, a reasonable regulatory climate provides considerable credit support, which will be ever more critical to credit quality as rate moratoriums end and utilities again file for rate relief. In addition, the opposing views of certain state regulatory bodies and the FERC on issues, such as restructuring regional transmission systems and incorporating certain merchant plants of affiliated companies into the rate base, will likely lead to a protracted struggle among those regulatory bodies for oversight.

Acquisition activity could weigh on credit quality over the intermediate term. Moreover, despite the current "back-to-basics" approach following poor returns on investments in unregulated activities, it is very possible in the longer term that the competition for capital and investor interest will encourage companies again to embrace aggressive growth strategies that could harm creditworthiness.

Companies with merchant exposure continue to experience volatile cash flows and regulatory uncertainty. The operating environment remains challenging and the creditworthiness of many purely merchant power companies is constrained by burdensome debt levels and insufficient cash flow from operations. Faced with the prospect of stagnant power markets and low margins in many regions, cash flow measures are likely to remain weak. The only bright spots in this otherwise dim picture are merchant coal and nuclear plants that are benefiting significantly from their lower cost of generation relative to the elevated price of gas, which typically sets the marginal price for power.

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#### Downgrades in 2004

The ratings on DTE Energy Inc. (BBB/Stable/A-2) and its regulated utility affiliates, Detroit Edison Co. (BBB/Stable/A-2) and Michigan Consolidated Gas Co. (MichCon; BBB/Stable/A-2) were lowered to reflect expectations for credit metrics consistent with the 'BBB' corporate credit rating despite the impact of the recent Michigan Public Service Commission (MPSC) rate order for Detroit Edison.



Detroit Edison's competitive position and cash flow eroded throughout 2004 with the introduction of deregulation in Michigan, which the recent MPSC decision to increase rates and establish a cost deferral mechanism attempts to rectify. Still, financial improvement from depressed levels for the consolidated entity is not likely until 2008-2009.

The stable outlook anticipates a reliable and sustainable cash flow stream from both regulated and nonregulated business lines. Rating expectations at the current level incorporate several milestones for 2005, including a staunching of customer attrition at Detroit Edison, a favorable MPSC ruling on the rate disparity case, sizable recovery of deferred costs associated with environmental and stranded costs, and notable progress on debt reduction. Importantly, any deviation in expected cash flows, delays in reducing leverage, or difficulty advancing a constructive regulatory agenda will pressure the ratings.

The ratings on IDACORP Inc. (BBB+/Stable/A-2) and subsidiary Idaho Power Co. (BBB+/Stable/A-2) were lowered and removed from CreditWatch with negative implications. The revised ratings can be traced to weakened financial ratios that have resulted from a combination of sustained drought conditions on the Snake River that have depressed hydro production and increased deferred power costs; a disappointing general rate case ruling in Idaho partly mitigated by approval of a settlement on Sept. 20, 2004, that acknowledged the company's position on certain income tax issues; and more than \$600 million of expected capital requirements by the utility. These pressures resulted in a financial profile that is weak even for the 'BBB+' rating. Management is attempting to reduce costs and is planning to file a general rate case in 2006 to strengthen the financial profile.

Current ratings reflect the stability provided by a generally supportive state regulatory regime, including a strong power cost adjustment mechanism, an efficient, low-cost generating fleet, and the divestiture of higher-risk unregulated businesses, tempered by significant exposure to hydrological variations in the Snake River and significant capital expenditure requirements for new generation and hydro relicensing.

Ratings stability reflects expectations for stable cash generation from the utility and the absence of any significant unregulated businesses. Two key issues that will determine future ratings movement are Snake River water flows and future rate decisions.

Lower ratings for ONEOK Inc. (BBB+/Stable/A-2) are attributable to a significant portion (two-thirds) of the company's earnings being subject to commodity pricing volatility. Although that volatility is well managed, Standard & Poor's considers the price risk associated with ONEOK's mix of unregulated energy businesses to be incompatible with the lower business risk of most companies in the 'A' category. The stable outlook reflects the expectation that the steps being taken by management to improve margins and stabilize earnings in the unregulated energy businesses, as well as the ongoing effort to recover costs through timely rate increases at the regulated utilities, will be sufficient to maintain a financial profile appropriate for the current rating. The stable outlook also indicates Standard & Poor's expectation that future acquisitions will be funded with an appropriate balance of debt and equity.

The ratings on Virginia Electric & Power Co. (Virginia Power; BBB+/Negative/A-2), a subsidiary of Dominion Resources Inc. (BBB+/Negative/A-2) were lowered, while Dominion's ratings were affirmed. The downgrade on Virginia Power followed the completion of Standard & Poor's review of regulatory insulation in Virginia. While Virginia law protects the utility from the effects of its parent by not allowing the utility to subsidize holding company expansion into nonregulated activities, there is no State Corporate Commission-mandated capital structure requirement for the utility. Standard & Poor's views a mandated capital structure, which proactively requires maintenance of a high minimum equity level and controls dividend distributions to the parent, as a necessary requirement for allowing any regulatory insulation in Virginia. The one notch lowering of the ratings on Virginia Power reflects full consolidation with parent Dominion.

The negative outlook reflects weak, although improving, financial metrics. Financials could continue to be negatively affected by the frozen fuel factor, which creates vulnerability to possible adverse movements in commodity prices and to less efficient operations than are used in determining the fuel factor.

Otter Tail Corp.'s (BBB+/Negative/-) ratings were lowered due to the company's strategy of acquiring a diverse mix of competitive businesses that have much higher business risk than the electric utility. Moreover, many of these businesses are smaller than their competitors and are managed in a decentralized manner. In addition, the company's financial measures have weakened and financial flexibility is limited as a result of a relatively high dividend payout ratio and increasing capital expenditures at the competitive businesses. The negative outlook reflects concern over the uneven performance of Otter Tail's existing competitive businesses and the aggressive strategy of acquiring companies in different business lines. Prospective credit quality will depend greatly on the near-term performance of the company's competitive operations, including the recently acquired Idaho Pacific Holdings.

The ratings on Star Gas Partners L.P. (B-/Watch Neg/-) were lowered three notches and placed on CreditWatch with negative implications following the company's announcement



that it suspended distributions on its common partnership units and is negotiating with its bank lenders to arrange a new financing package for its Petro heating oil subsidiaries. The revised ratings reflect the firm's constrained liquidity, which is needed for working capital entering the heating season. The CreditWatch listing can be traced to the uncertainty surrounding the company's ability to secure sufficient liquidity with its bank lenders to meet working capital needs as it attempts to navigate a challenging winter heating season, coupled with record-high heating oil prices. Furthermore, the company is perilously close to triggering its 5x debt leverage test. If Star Gas breaches this test, it will need a covenant to maintain access to its bank facilities. Standard & Poor's therefore remains concerned about Star Gas' overall liquidity position, which could severely affect the firm's financial condition and solvency.

The ratings on TECO Energy Inc. (BB/Stable/-) were lowered while those of its utility subsidiary Tampa Electric Co. (BBB-/Stable/A-3) were affirmed. The drop in ratings at the parent holding company is due to a combination of lower expected financial performance at TECO Energy and less support accorded to TECO Energy from its Tampa Electric subsidiary. In making the ratings distinction between the utility and its parent, Standard & Poor's acknowledges the wide differential in the stand-alone credit profiles of the two companies, which have diverged as TECO Energy has foundered in its unregulated merchant energy operations. In affirming Tampa Electric's ratings, Standard & Poor's concluded that the utility's credit profile is unlikely to suffer further erosion from the parent's activities. The separation is substantiated by management's actions over the past three years that have been consistent with maintaining the utility's strong investment-grade credit quality. Thus, despite the absence of explicit mechanisms to insulate the utility, Standard & Poor's concluded that Tampa Electric's stand-alone credit profile justifies a 'BBB-' corporate credit rating. TECO Energy's move out of an investment-grade rating category, its refocused utility business strategy, and its ability to weather recent liquidity needs without burdening its utility franchise were also factors in the rating actions.

The stable outlook reflects our confidence in the ultimate resolution of TECO Energy's merchant exposure and management's commitment to a refocused business strategy. The company must continue to execute its stated business strategy, effectively manage its remaining business lines, and deliver results consistent with projections. Ratings stability is directly correlated with a swift exit from merchant activity and prudent use of free cash flow to reduce debt.

The ratings on Atmos Energy Corp. (BBB/Stable/A-2) were lowered two notches and removed from CreditWatch with negative implications. The downgrade reflects Atmos' weaker credit profile after it acquired TXU Gas Co. from TXU Corp. for \$1.925 billion. The company has issued \$236 million of common stock and plans to sell at least \$300 million of additional equity over the next few months. However, the balance of the purchase price will be debt-financed, which will strain Atmos' financial flexibility and increase debt leverage to 60% from 51%.

The TXU Gas acquisition effectively doubles Atmos' size, making it the largest natural gas local distribution company (LDC) in the U.S. Atmos expects to achieve significant savings for TXU Gas by eliminating costs currently allocated to TXU Gas from TXU Corp., amounting to \$25 million per year. Standard & Poor's remains concerned about Atmos' integration challenges after the acquisition and will monitor the company's evolving business strategy as it transitions to a much larger LDC. Ratings stability reflects expectations for an additional equity issuance.

The ratings on Kanab Pipe Line Operating Partnership L.P. (BBB/Watch Neg/-) were lowered during third-quarter 2004, reflecting Standard & Poor's assessment of the partnership's overall business risk profile and credit strength, particularly when compared with other master limited partnerships (MLP) in similar businesses. Although the more stable and predictable products pipelines in the Midwest accounted for 44% of operating income in 2003, independent terminals, mostly in the U.S., accounted for the remaining 56%. The lower rating also anticipates that Kanab will pursue additional acquisitions, but incorporates management's track record of paying down acquisition debt within a reasonable time frame from proceeds of partnership units issued by Kanab Pipe Line Partners L.P., the MLP that owns all the limited partnership units of Kanab Pipe Line Operating. Subsequently, on Nov. 1, 2004, Standard & Poor's placed the ratings on Kanab on CreditWatch with negative implications. The CreditWatch listing followed the announcement that Valero L.P. (BBB/Watch Neg/-) and Kanab Partners will merge. As part of the transaction, Valero will purchase all of Kanab Services' common shares for \$525 million of cash, which will markedly increase the combined entity's debt leverage and is the principal driver for the CreditWatch listing and a highly likely future ratings downgrade. The combined partnership's general partner will continue to be owned by affiliates of Valero Energy Corp. Kanab Services and Kanab Partners will become wholly owned subsidiaries of Valero, and the

combined entity will retain the name Valero L.P.

The ratings on Enterprise Products Partners L.P. (Enterprise Products; BB+/Stable/-) and Enterprise Products Operating L.P. (BB+/Stable/-) were lowered and removed from CreditWatch with negative implications. The ratings were originally placed on CreditWatch on Dec. 15, 2003 as a result of the announcement of the merger between Enterprise Products and GulfTerra Energy Partners L.P. (BB+/Stable/-), whose ratings were on



CreditWatch with negative implications. The action was based on an assessment that the credit rating on Enterprise Products would be 'BB+' whether or not the merger with GulfTerra successfully closed.

On a stand-alone basis, Enterprise Products' creditworthiness has deteriorated over the past year. Standard & Poor's believes that the company's performance has reached a plateau due to a rebound in demand for natural gas liquids, but does not expect it to materially improve. The merger with GulfTerra will allow Enterprise Products to reduce its exposure to petrochemical industry cycles and realize cost savings.

Subsequently, on Oct. 1, 2004, Standard & Poor's affirmed the ratings on GulfTerra and removed them from CreditWatch following completion of the partnership's merger with Enterprise Products. The ratings on GulfTerra were equalized with those on Enterprise as a result of the merger. In addition, Enterprise has tendered for all of GulfTerra's outstanding notes. If all, or virtually all, of GulfTerra's debt is tendered, the ratings on GulfTerra will likely be withdrawn. The stable outlook on GulfTerra reflects the outlook on Enterprise. The stable outlook on Enterprise reflects Standard & Poor's expectation that the company will not engage in significant merger and acquisition activity until it has sufficiently integrated GulfTerra's operations. In the longer term, an upgrade to investment grade will depend on successful integration, a demonstrated reduction in earnings volatility, and continued deleveraging.

The ratings on American States Water Co. (A-/Negative/-) were lowered two notches, reflecting the company's weakened financial profile and dependence on the California Public Utilities Commission to provide adequate rate recovery to offset increased operating and capital costs. The ratings also incorporate the creditworthiness of its main utility subsidiary, Southern California Water Co., which has experienced declining financial measures but maintained a strong business profile despite a challenging regulatory environment, increased water quality compliance costs, and wholesale power market exposure associated with its small electric utility division. The negative outlook reflects the company's eroding financial profile and its heightened dependence on adequate and timely rate relief to achieve financial stability, especially in light of recent increases in operating and capital costs due to water quality and purchased-power requirements. Excessive regulatory delays or disallowance could result in a lowered rating.

The ratings on Duke Energy Corp. (BBB/Positive/A-2) and its subsidiaries, Duke Capital LLC (BBB/Positive/A-2), PanEnergy Corp. (BBB/Positive/-), Texas Eastern Transmission L.P., (BBB/Positive/-) Westcoast Energy Inc., (BBB/Positive/-), and Union Gas Ltd. (BBB/Positive/-) were lowered in early 2004 and the ratings on Duke Energy Trading & Marketing LLC (BBB/Positive/-) were affirmed. The downgrade reflected weaker-than-anticipated financial performance during 2003 and concerns regarding execution risk regarding the company's ambitious deleveraging plan. In addition, Duke Energy's continuation of trading and marketing activities around the merchant generation assets means that the company will continue to be exposed to market risk and must dedicate material liquidity to support these activities, preserving the element of risk in the company's business profile, despite the company's recent pullback.

Subsequently, in December 2004, Standard & Poor's revised Duke Energy's outlook to positive from stable because the company successfully implemented its deleveraging plan.

The ratings on El Paso Corp. (B-/Negative/-) were lowered to reflect a larger-than-expected write-down of the company's oil and natural gas reserves. This large revision amounting to more than 40% of the company's reserve base, and the resulting ceiling-test write-down of about \$1 billion is greater than what had been factored into the prior ratings. While there is no immediate cash flow effect, the revision does suggest that future production and likely cash flow will be weakened in 2005 and beyond. The negative outlook will continue until further progress on the company's long-range plan is accomplished. In that plan, El Paso will exit several business lines over the next three years that will leave the company focused on two primary business activities by 2006: natural gas pipelines and exploration and production with an emphasis on natural gas production. A scaled-back marketing and trading operation and a smaller interest in oil and gas midstream operator GulfTerra Energy Partners will constitute the remainder of El Paso.

The negative outlook reflects the obstacles El Paso faces through 2006 as it attempts to achieve its reorganization plan. Falling short on any of the plan's components or further weakness in the company's ability to produce operating cash flow from its core businesses could lead to lower ratings. The large reserve estimate revision also raises corporate governance concerns, and the outcome of the company's internal investigation into the reserve reduction and any other repercussions from the write-down could result in further rating actions.

The corporate credit ratings on DPL Inc. (BB-/Stable/B) and its utility affiliate Dayton Power & Light Co. (DPL; BB-/Stable/B) were lowered in the first quarter of 2004 and remained on CreditWatch with negative implications. The downgrade was in response to the company's failure to file its Form 10-K with the SEC, which immediately hindered the company's liquidity position and access to public capital markets. DPL indicated that the delay was due to the Board's Audit Committee's need to complete its review of several



areas of concern, including corporate governance, compensation policy, internal controls, and potential tax liabilities. In addition, the receipt of bank waivers on its existing term loan and credit facilities was a temporary fix as the firm cannot access DP&L's \$150 million revolving credit facility or DPL's \$150 million term loan until the company provides certified audited financials for 2003.

DPL's ratings were subsequently affirmed in December 2004 and removed from CreditWatch with negative implications after the company filed with the SEC its overdue audited financial statements for its 2003 10-K and its first-, second-, and third-quarter 2004 10-Q financial statements, with relatively minimal and immaterial restatements. The resolution of this issue also provided the company with access to DP&L's \$100 million credit facility, which further stabilizes DPL's current creditworthiness. The stable outlook on DPL incorporates management's resolution of former weak internal controls and corporate governance issues, as well as DPL's continuing to generate sufficient cash flow and reducing consolidated debt leverage.

The ratings on UGI Utilities Inc. (BBB/Negative/-) were lowered and removed from CreditWatch following parent UGI Corp.'s acquisition of the remaining 80.5% ownership interest of AGZ Holding (BB/Stable/-), the parent of French propane distribution company Antargaz S.A. The ratings for UGI Utilities reflect its relationship with weaker parent UGI, which has greater risk than its utility subsidiary due to its nonregulated activities. UGI Utilities would be a substantially stronger credit than its 'BBB' rating as a stand-alone entity. Although the company's gas operations lack a weather-normalization adjustment clause, the company's regulated operations consistently generate a tremendous amount of cash flow relative to its debt level. However, the rating for UGI Utilities is 'BBB' largely due to a lack of regulatory insulation from the Pennsylvania Public Utility Commission and UGI's weaker consolidated profile. The negative outlook for UGI Utilities reflects UGI's growing emphasis on nonregulated operations, including domestic and international propane distribution and natural gas and electricity marketing, which increases UGI's business risk profile. Furthermore, UGI's consolidated financial metrics are weak for UGI Utilities' rating category. Ratings stability is predicated on a successful ownership transition period at Antargaz and a near-term strengthening of consolidated credit metrics that corresponds with projections (that exceed required capital expenditures and dividend distribution requirements). In addition, growth of UGI's nonregulated businesses—although anticipated—is expected to be moderate. UGI Utilities' ratings may be lowered if the consolidated entity fails to deliver projected cash flow or if future growth at the consolidated entity causes the proportion of higher-risk businesses to exceed Standard & Poor's expectations.

The corporate credit ratings on Constellation Energy Group Inc. (BBB+/Stable/A-2) and subsidiary Baltimore Gas & Electric Co. (BBB+/Stable/A-2) were lowered owing to the growing scope of Constellation's unregulated operations, which are likely to consist of a larger portion of its business in the intermediate term, concerns associated with the considerable liquidity requirements of its trading and marketing activities, and financial measures, which although improved, are still weak for the rating level. Constellation's ratings reflect the inherent risks associated with its participation in merchant generation and in trading and marketing operations, management's aggressive growth strategy, and significant nuclear exposure (30% of capacity). These risks are partially mitigated by Baltimore Gas & Electric's stable operating performance, robust free cash flow generation, and the unregulated operations' improving financial performance.

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#### The Upgrades

The ratings on NUI Utilities Inc. (A-/Negative/-) were raised and removed from CreditWatch with developing implications as a result of the completed acquisition of NUI by AGL Resources Inc. (A-/Negative/A-2), whose ratings were affirmed and removed from CreditWatch with negative implications.

The negative outlook reflects AGL's challenge of successfully realizing cost savings at NUI and Standard & Poor's expectation that cash flow to total debt and debt leverage are likely to remain weak for the 'A-' category through 2007. The outlook also acknowledges that AGL's future strategy may rely more heavily on growth through acquisition than in the past. Ratings could be lowered if Sequent's wholesale trading activity increases working-capital requirements beyond currently manageable levels, if operating cash flow to average total debt metrics deteriorate or if any additional acquisitions increase leverage at AGL.

Illinois Power Co.'s (A-/Negative/-) ratings were raised eight notches and leveled with those of Ameren Corp. when the company's acquisition by Ameren was completed. The negative outlook mirrors that of Ameren and reflects the effect that Illinois Power's considerably weaker financial condition will have on Ameren's consolidated post-acquisition financial condition. Importantly, the outlook also incorporates the uncertain outcome of several regulatory issues after when the rate freeze (should be ends not attends) ends at year-end 2006 in Illinois.

Green Mountain Power Corp.'s (BBB/Stable/-) corporate credit rating was raised and its senior secured debt rating affirmed because collateral coverage of potential secured debt is insufficient to warrant notching of the first mortgage bonds above the corporate credit rating. The higher corporate credit rating reflects the company's continued improvement in its regulatory environment compared with the late 1990s, coupled with a reduction in



business risk after the company sold its interest in the Vermont Yankee nuclear facility in 2002. Ratings stability reflects expectations that recent improvements in the company's regulatory environments are sustainable over the intermediate term. Green Mountain's average business risk should provide the utility with the basis to maintain its current financial profile. However, a sustained decline in financial performance could pressure credit quality and negatively affect ratings.

The ratings on NorthWestern Corp. (BB-/Positive/-) were raised to reflect its emergence from bankruptcy. The positive outlook reflects Standard & Poor's view that NorthWestern's credit quality will improve through 2005 and beyond. Financial ratios should improve through 2005 as remaining nonregulated assets are sold and debt is reduced. The company's financial flexibility should improve once a market for its equity develops. An operating history establishing this positive trend, along with improved relations with regulators and proven better corporate governance, would lower the company's business risk and could cause the rating to be raised. Failure to meet or exceed forecasts, unfavorable resolution of the SEC investigation, or a worsening regulatory environment could negatively affect the rating or outlook.

Florida Gas Transmission Co.'s (FGT; BBB+/Stable/-) ratings were raised due to the company's successful completion of its recent expansions and the coincident reduction in external borrowing needs. This has resulted in an improving financial profile, which is consistent with the higher rating assigned. FGT has continued to improve its coverage ratios and other credit metrics while strengthening its balance sheet. The stable outlook is based on the expectation that large expansion needs will not materialize in coming years and that future dividend payout levels will not erode current coverage ratios and other credit metrics.

The ratings on Transwestern Pipeline Co. LLC (BBB/Stable/-) were raised three notches and removed from CreditWatch with developing implications. At the same time, Standard & Poor's assigned its 'BBB' corporate credit rating to CrossCountry Energy LLC, which holds all of Enron Corp.'s remaining U.S. pipeline interests, including Transwestern, Citrus Corp., and Northern Plains Natural Gas Co. Higher ratings for Transwestern Pipeline reflect the expected sale of its direct parent, CrossCountry, to a joint venture between Southern Union Co. (BBB/Negative/-) and GE Commercial Finance, as CrossCountry and Transwestern will no longer be linked with Enron's bankruptcy proceedings. Furthermore, the rating is supported by Transwestern's average business and adequate financial credit profile. The credit profile of the CrossCountry family, including CrossCountry and Transwestern, is commensurate with the 'BBB' corporate credit rating.

Ratings stability on CrossCountry and Transwestern is premised on expectations that large expansion needs will not materialize in coming years, debt levels will remain balanced, expected cash flows from Transwestern will continue to buoy credit metrics, and dividends paid at Citrus will equal or exceed its earnings. Conversely, the consolidated company's credit profile may be weakened by a slow realization of cash flow from completed growth projects, large customer attrition as well as greater recontracting exposure, higher capital expenditures than forecast, or lower dividends from Citrus. Some of these risks would likely signal a shift toward a more aggressive financial policy, which may precipitate an outlook revision to negative and/or a downward rating action.

The ratings on El Paso Electric Co. (BBB/Stable/-) were raised to reflect El Paso Electric's strengthened balance sheet and increasing cash flow. The action also reflects the probability that retail electric competition will not occur until after a competitive wholesale market is established in the utility's service territory, a process that could take years. For the present, El Paso Electric remains the sole supplier of electricity to the region. Since its 10-year rate settlement with state regulators was executed signed in 1995, El Paso Electric has been using all available cash to reduce debt and buy back stock, lowering capital costs considerably. As a result, Standard & Poor's expects earnings to improve steadily as a result of increasing demand and debt reduction.

Rate settlements determine revenue from Texas customers through August 2005 (75% of retail base revenue) and through May 2007 in New Mexico (25% of retail base revenue). Rates thereafter will be based on traditional cost-of-service ratemaking until it is determined that competition may be introduced to the region. The company has adequate owned capacity to provide a 20% reserve margin over peak load requirements, ample to supply normal population growth of 1% to 2%. It is important for El Paso Electric to have a healthy reserve margin, given the degree of regional transmission constraint and the high dependence on nuclear power from the Palo Verde generating station in Arizona.

The stable outlook reflects the probability that normal demand growth, coupled with the current level of rates, will allow El Paso Electric to complete the debt- and equity-reduction program well before retail electricity competition comes to the region.

Higher ratings on Allegheny Energy Inc. and subsidiaries (B+/Positive/-) can be traced to the company's improved financial performance from a very weak level and expectations of sustained profitability. The rating on Allegheny reflects that of a company whose business risk profile is improving toward that of a typical integrated utility, but is still heavily burdened with debt incurred from largely discontinued merchant and trading operations. The company's business risk profile is driven by the inherent stability of its three regulated



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utilities, which generate slightly more than one-half of its cash flow, and a generation subsidiary that has a considerably weaker credit profile. Although the generation subsidiary has low production costs, its cash flow is suppressed by a rate freeze in Pennsylvania that extends through 2008.

Near-term concerns regarding the generation subsidiary also include the recent rise in coal prices and two major plant outages that occurred in 2004. Although an increase in coal prices is a credit concern, Allegheny is not exposed to further near-term increases because it hedged all its coal supply for 2004 and 90% of 2005's supply. If coal prices stay at their current high levels, Standard & Poor's believes that the effect on cash flow would be about \$50 million to \$70 million per year. The outages negatively affected operating cash flow of between \$115 million to \$125 million net of insurance proceeds, but Standard & Poor's does not believe that the cause of the outages was related to past underspending on maintenance.

Allegheny lacks a significant financial cushion to absorb adverse developments. Due to its heavy debt burden, its financial leverage is about 70% and its cash flow to interest coverage is expected to be only around 2x. Yet, the company has paid down \$566 million of debt since December 2003 and has a stated goal of paying down \$1.5 billion by the end of 2005 with asset sale proceeds, operating cash flow, and equity issuances. Management is also filing for tariff increases, reducing operating expenses, and improving plant reliability, which, together with the debt reductions, should improve operating performance.

The positive outlook reflects Standard & Poor's expectation that the company will continue to execute its plan to pay down \$1.5 billion or more of debt by the end of 2005, increased progress in selling assets, paying down debt, stabilizing cash flow, or positive outcomes from rate filings could lead to further ratings upgrades.

The ratings on Pacific Gas & Electric Co. (PG&E; BBB-/Stable/-) were raised to investment grade from 'D' in connection with PG&E's emergence from bankruptcy.

The ratings reflect the utility's current and projected financial profile, as well as the regulatory, operational, and litigation risks facing PG&E. Ratings have not been assigned to the utility's parent, PG&E Corp., a holding company whose debt has been privately placed. However, the parent's \$880 million of debt has been consolidated with the utility's for purposes of assessing the utility's credit quality.

The California Public Utilities Commission's (CPUC) pledge to restore and preserve investment-grade ratings for PG&E is an important component of the assigned credit ratings. The CPUC's obligation to support PG&E's credit quality is a product of the settlement agreement reached between the CPUC and PG&E. PG&E's and the CPUC's ability to jointly negotiate a reorganization plan and the bondholder protections created by the parties temper the negative credit implications emanating from the California energy crisis, the well-documented acrimonious relationship that developed between PG&E and California's elected and regulatory officials, and protracted bankruptcy proceedings. A legislative directive to support sound credit quality also governs the CPUC's actions and contributes to bondholder protection.

The ratings on PNM Resources Inc. (BBB/Stable/-) and its primary operating subsidiary, Public Service Co. of New Mexico (BBB/Stable/-) were raised in response to the greater predictability of earnings and an improving financial profile. Measures of bondholder protection are expected to strengthen over the next few years as a result of demand growth combined with a reduction of operating costs and debt. Rating stability is based on the expectation that reduced debt and operating costs will maintain financial ratios at levels appropriate for the revised ratings.

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#### Mixed Rating Actions

Aquila Inc. (B-/Negative/-) had its ratings lowered twice during the second quarter, which resulted in a two-notch downgrade to 'CCC+' from 'B'. Standard & Poor's subsequently raised the company's ratings on Aug. 18, 2004. The last downgrade and simultaneous negative CreditWatch listing followed a preliminary injunction issued by a U.S. District Court in Kansas City, Mo. that prevents Aquila from using \$504 million in proceeds from the sale of its Canadian utilities. The rating action reflects Standard & Poor's concern that the injunction significantly limits Aquila's liquidity and hampers management's efforts to stabilize its vulnerable credit profile. Subsequently, on July 21, 2004, the CreditWatch implications on Aquila were revised to developing from negative owing to Aquila's announcement that it has initiated the termination process of three prepaid natural gas supply contracts in its unregulated business portfolio. In the third quarter, the ratings on Aquila were raised and removed from CreditWatch. The rating action is based on Aquila's termination of a long-term, prepaid natural gas supply contract with the Municipal Gas Authority of Mississippi (MGAM) and an agreement with the American Public Energy Agency (APEA) to terminate two long-term natural gas supply contracts on Sept. 30, 2004. The termination allows the company to regain access to a substantial portion of its liquidity and alleviates credit concerns associated with the onerous impact of the gas-prepay transactions on the company's financial profile.

Aquila settled disputes with Chubb and St. Paul Travelers related to surety bonds covering



four prepaid natural gas supply contracts, terminated the long-term gas supply contract with MGAM, and reached an agreement with APEA on the termination of two long-term gas-supply contracts. These contracts represent 75% of Aquila's prepaid natural gas supply contract obligations, which have been a major rating concern. As of June 30, 2004, the total obligation of the gas-prepay contracts to be terminated was \$574 million. Their elimination allows Aquila to move closer to fully exiting the energy merchant business and focus on its domestic utility operations.

Separately, Aquila announced a public offering of 40 million shares of its common stock and 12 million of premium income equity securities. Standard & Poor's expects that the company will apply net proceeds from these offerings to reduce liabilities and work toward improving its weak financial profile.

The outlook is negative. Although, Aquila has made significant progress toward repositioning itself as a domestic utility business, concerns remain over the company's burdensome debt level and lack of cash flow generation.

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#### Recent CreditWatch Listings

The ratings on Exelon Corp. (A-/Watch Neg/A-2) and its subsidiaries were placed on CreditWatch with negative implications and the ratings on Public Service Enterprise Group Inc. (Enterprise; BBB/Watch Dev/A-2), PSEG Power LLC (Power), and Public Service Electric & Gas Co. were listed on CreditWatch with developing implications.

These actions were in response to the announced merger between Exelon and Enterprise. If completed, the merger will create the largest utility holding company in the U.S.

Standard & Poor's expects to resolve the CreditWatch listings on or near the completion of the merger, after reviewing the business strategy and financial risk profile of the newly combined entity. The transaction is subject to approval from various state and federal agencies, with a closing date targeted for Dec. 31, 2005.

The negative CreditWatch listing for the Exelon companies is an outgrowth of several factors. The ratings for the several Exelon companies had carried a negative outlook before the merger announcement because of concerns related to its ongoing pursuit of growth initiatives that can heighten financial and operating risk. Regulatory uncertainties facing Exelon subsidiary Commonwealth Edison Co. were also factored into the negative outlook.

The merger with Enterprise is consistent with Exelon's pursuit of growth initiatives and will likely pressure financial margins in the near term because of the operational challenges that plagued Enterprise's nuclear fleet in the past year and that are expected to continue at least through 2005. The combination will also lead to a larger trading and marketing operation, which could heighten risk. At the same time, Standard & Poor's recognizes that Exelon has operated the country's largest nuclear fleet efficiently and without incident for several years, and can introduce economies of scale and a higher level of operating discipline to Enterprise's nuclear units.

The positive elements of the developing CreditWatch listing for the Enterprise companies reflects the benefits of the anticipated combination with Exelon and, in particular, expectations that Exelon's strong model for nuclear operations will help extract the Salem and Hope Creek nuclear units from the quagmire of repeated equipment failures. The negative concerns reflect the expectation that Enterprise's ratings will be lowered if the merger is not completed in the planned time frame, or in a reasonable amount of time thereafter. But for the merger transaction, the corporate credit ratings assigned to the Enterprise family of companies, other than PSEG Energy Holdings LLC, would be lowered to 'BBB-' and the outlook would remain negative because of the substantial effect that poor stewardship of nuclear operations and other operational issues have had on financial performance.

The ratings on Texas Gas Transmission LLC (BBB+/Stable/-) were placed on CreditWatch with negative implications following the Nov. 24, 2004 announcement that Loews Corp., (A/Negative/-) through its wholly owned subsidiary, TGT Pipeline LLC, had entered into a definitive agreement to purchase Gulf South Pipeline Co. LP from Entergy-Koch L.P. About 50% of the \$1.136 billion purchase price will be financed from debt issued by TGT Pipeline. Standard & Poor's assumes the balance will be funded from Loews' existing cash. The debt financing associated with the Gulf South Pipeline transaction will weaken TGT Pipeline's credit measures while somewhat bolstering the company's overall business profile.

Subsequently, on Jan. 12, 2005, Standard & Poor's affirmed the ratings on TGT Pipeline and Texas Gas Transmission and removed the ratings from CreditWatch as a result of the completed acquisition and the proposed financing. Loews initially funded the acquisition through a \$561 million equity contribution from Loews and a \$575 million bridge loan. A \$300 million debt offering at TGT Pipeline and a \$275 million debt offering at Gulf South will be used to repay the bridge loan.

Ratings stability incorporates the expectation that TGT Pipeline may acquire other gas



pipeline businesses in the future. However, Standard & Poor's expects these acquisitions to be funded with about 50% equity, like the Gulf South acquisition. The outlook also reflects the expectation of continued strength in cash flow at the operating subsidiaries and financial-coverage ratios in line with 2004 pro forma figures.

The ratings on Valero L.P. (BBB/Watch Neg/-) and related entities and the ratings on Kanab Pipe Line Operating Partnership L.P. (BBB/Watch Neg/-) were placed on CreditWatch with negative implications following the announcement that Valero L.P. and Kanab Partners will merge. As part of deal, Valero L.P. will purchase all of Kanab Services' common shares for \$525 million of cash, which will markedly increase the combined entity's debt leverage. The combined partnership's general partner will continue to be owned by affiliates of Valero Energy Corp. Kanab Services and Kanab Partners will become wholly owned subsidiaries of Valero L.P., and the combined entity will retain the name Valero L.P.

Provided that the transaction is not modified materially, Standard & Poor's will downgrade the ratings of Valero L.P. (the combined entity) on the close of the transaction to 'BBB-', and the outlook at that level would likely be negative. At this time, Standard & Poor's would not lower Valero L.P.'s ratings to 'BB+' unless the cash component of the transaction increases or either party engages in additional transactions that materially increase its debt burden. Future leveraging transactions could tip Valero L.P.'s ratings to 'BB+'. When the merger closes, Valero L.P. plans to maintain a policy of paying out nearly all of its free cash flow, which will prevent its credit profile from improving without a deleveraging transaction.

Although Valero L.P.'s credit statistics are worse than its investment-grade peers, Valero L.P.'s debt ratings are not likely to be lowered to 'BB+' in part because of the business-risk diversification. Valero L.P.'s credit quality was weakened by exceptional reliance on Valero Energy Corp. and the systems surrounding its McKee refinery, while Kanab's business risk was elevated by its reliance on terminal operations. The announced business combination spreads the effect of terminal revenue volatility and the dependence on Valero and McKee across a larger revenue base. Valero L.P.'s liquidity also is expected to be more than adequate for the next several years, given the company's protracted debt maturity schedule, low cash needs for funding either growth or distributions, and its expected available bank credit.

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#### Fourth-Quarter Outlook Revisions to Negative

The credit outlook on PSEG Energy Holdings LLC (Holdings; BB-/Negative/-) was revised to negative from stable to reflect the ongoing financial impact of failed investments, and to reflect concerns that asset dispositions may not be accompanied by commensurate levels of debt reduction and could deprive the company of those assets that are best able to contribute to cash flow. Holdings' corporate credit rating reflects the company's stand-alone credit quality and therefore does not benefit from its affiliation with financially stronger companies within the Public Service Enterprise Group Inc. (Enterprise) family of companies. Likewise, the ratings on other members of Enterprise do not reflect the financial drag created by Holdings. Following the merger between Exelon Corp. and Enterprise, Standard & Poor's expects to continue to rate Holdings on a stand-alone basis, without reflecting the affiliation with the Exelon companies.

The negative outlook on Holdings reflects concerns surrounding the quality of cash flow from remaining assets and uncertainty about whether asset dispositions could impair the quality of cash flow or leave the company with excessive debt relative to the remaining asset base. Future credit quality may also be influenced by Exelon's business strategy for Holdings.

The outlook on Progress Energy Inc. (BBB/Negative/A-3) and its subsidiaries was revised to negative from stable owing to uncertainties regarding the timing of the recovery of hurricane costs, the company's debt-reduction plans, and the IRS audit of the company's Earthco synthetic fuels (synfuel) facilities. The company issued additional short-term debt to fund cash expenses it incurred during the third-quarter hurricanes in Florida, slowing its efforts to reduce overall debt in line with Standard & Poor's rating expectations. While state regulators have been supportive of costs incurred during past hurricanes, uncertainty remains regarding the timing of the recovery of related costs given their magnitude and the absence of insurance available for transmission and distribution equipment. In addition, the company expects hurricane costs to reduce taxable income and its need for tax credits. Consequently, the company suspended production at its synfuel plants, but will incur an operating loss from overproduction of synfuels. The negative outlook reflects Standard & Poor's concerns over the timing of the recovery of the hurricane costs, the company's debt reduction plan, and the lingering vagueness regarding the IRS audit of the Earthco synfuel facilities.

The outlook on Nicor Inc. (AA/Negative/A-1+) subsidiary Nicor Gas Co. (AA/Negative/A-1+) was revised to negative from stable, reflecting a declining trend in Nicor's currently healthy consolidated financial condition, coupled with uncertainties surrounding certain regulatory and legal issues. Standard & Poor's believes that resolution of outstanding matters facing the company will have only a nominal effect, if any, on Nicor's currently strong financial parameters. However, rising operating expenses, coupled with no prospect for rate relief until the fall of 2005, and an unexpectedly severe financial penalty, may push key financial



parameters out of an acceptable range for the mid-'AA' category.

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#### One Fourth-Quarter Positive Outlook

The outlook on Duke Energy Corp. (BBB/Positive/A-2), and its subsidiaries Duke Capital LLC, Texas Eastern Transmission L.P., PanEnergy Corp., Westcoast Energy Inc., and Union Gas Ltd. was revised to positive from stable to recognize the company's efforts to moderate business risk by reducing its merchant generation exposure; resolve various regulatory challenges in North Carolina and South Carolina as well as in the western power markets; wind down and eventually dissolve Duke Energy Trading and Marketing, which conducted proprietary trading; and limit exposure to open positions created as a result of the sale of the southeastern merchant generation assets and the decision to not build three plants under construction. The positive outlook also recognizes the material debt reduction in 2004, which is expected to continue during 2005.

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#### Fourth-Quarter CreditWatch Removals/Ratings Affirmations

The ratings on AGL Resources Inc. (AGL: A-Negative/A-2) and its subsidiaries were affirmed and removed from CreditWatch with negative implications following the completed acquisition of NUI by AGL. The negative outlook reflects AGL's challenge of successfully realizing cost savings at NUI and Standard & Poor's expectation that cash flow to total debt and debt leverage are likely to remain weak for the 'A-' category through 2007. The outlook also acknowledges that AGL's future strategy may rely more heavily on growth through acquisition than in the past.

The ratings on DPL Inc. (BB/Stable/B) and its regulated subsidiary, Dayton Power & Light Co. (DPL: L) were affirmed and removed from CreditWatch with negative implications. The rating action follows the company's filing with the SEC of its overdue audited financial statements for its 2003 10-K and its first-, second-, and third-quarter 2004 10-Q financial statements with relatively minimal and immaterial restatements. The resolution of this issue has also provided the company with access to DP&L's \$100 million credit facility, which further stabilizes DPL's current creditworthiness. The stable outlook incorporates management's resolution of company's former weak internal controls and corporate governance issues, as well as expectations for continued generation of sufficient cash flow and reduction of consolidated debt leverage.

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#### Fourth-Quarter Outlook Revisions To Stable

The outlook on KeySpan Corp. (A/Stable/A-1) and its subsidiaries was revised to stable from negative to reflect the company's focus on the mostly stable cash flow generation of the gas-distribution activities, complemented by expected stability in the contracted electricity generation. Standard & Poor's expects that cash flows from the merchant generation assets may experience a higher degree of variability. At the same time, Standard & Poor's expects that if KeySpan expands its merchant electricity generation portfolio, such assets must be accompanied with long-term contracts that will largely mitigate exposure to the fluctuations of the merchant generation market. Finally, Standard & Poor's expects that KeySpan's financial profile will continue to demonstrate improvement, offsetting the risk presented by the existing and any future merchant-generation assets, so that debt leverage will reach about 45% by 2006, adjusted FFO interest coverage will be at about 4x, and adjusted FFO to average total debt will exceed 20%. If KeySpan cannot achieve these targets under the current business risk profile, Standard & Poor's will consider a ratings downgrade.

The outlook on CMS Energy Corp. (BB/Stable/-), and subsidiary, Consumers Energy Co. (BB/Stable/-) was revised to stable from negative reflecting CMS Energy's significantly improved liquidity position, continued focus on its low-risk, core utility operations, and significant reduction of its parent level debt over the past few years from \$5.6 billion at year-end 2001 to an expected \$2.7 billion at year-end 2004. In addition, the firm has addressed most of its debt maturities through 2005 while maintaining adequate liquidity. Nevertheless, ratings stability is predicated on the firm's ability to continue executing on its refocused business and deleveraging plan while maintaining its currently adequate short-term liquidity, strengthening its core regulated utility operations, and improving its leverage and credit-protection measures over the near to intermediate terms. Steady cash flow generation from regulated units, constructive regulatory decisions in a balanced and timely manner, as well as continued access to capital markets are all incorporated into current rating stability.

The outlook on SEMCO Energy Inc. (BB-/Stable/-) was revised to stable from negative, reflecting SEMCO's steps to fortify its liquidity position for the 2004-2005 heating season. Importantly, SEMCO is well positioned for the coming winter season with a storage position of 14.8 billion cubic feet (100% of capacity) and nearly full availability on its credit lines. However, the termination of the \$80 million Alaska Pipeline sale impedes SEMCO's ability to achieve its goal of reducing debt leverage, thus mulling the potential for higher ratings in the near term. Current ratings incorporate stable cash flow and a focus on core regulated operations combined with sufficient access to bank credit facilities. Ratings stability reflects SEMCO's current financial position, its refocus on utility operations, and its liquidity position for the 2004-2005 heating season. The company will be challenged to improve its credit quality from its current depressed level given its marginal ability to generate free cash flow that could be used to repair the highly leveraged balance sheet. The stable outlook is also predicated on SEMCO's ability to maintain unencumbered access to sufficient liquidity.



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## Pace Of U.S. Utility Rating Actions Picked Up In 2005; Downgrades Dominate

**Primary Credit Analyst:**  
Barbara A. Eisman, New York (1) 212-438-7668;  
barbara\_eisman@standardandpoors.com  
**Secondary Credit Analyst:**  
Brendan Dalton, New York;  
brendan\_dalton@standardandpoors.com

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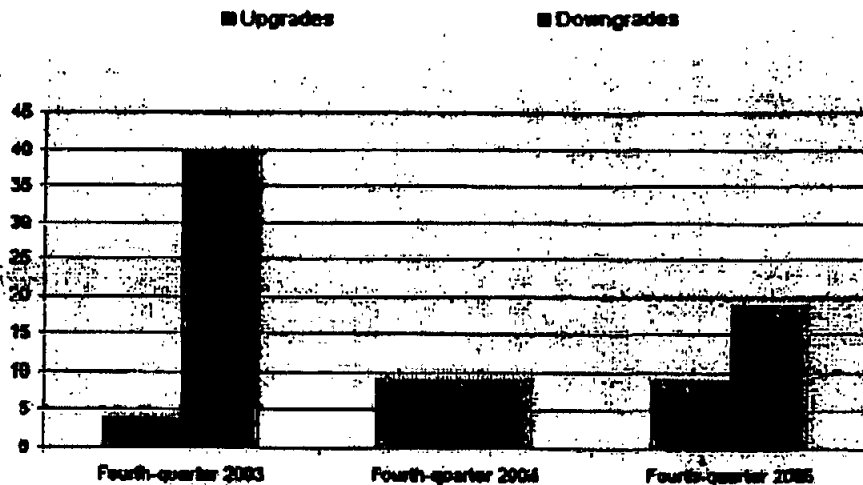
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Ratings activity in the U.S. investor-owned utility industry (electric, gas, pipeline, and water companies) picked up somewhat in 2005. While more balanced than in previous years, downside rating actions continued to overshadow upgrades. During the year, Standard & Poor's Ratings Services recorded 46 downgrades of holding companies and operating subsidiaries, compared with 36 upgrades. In the fourth quarter alone, there were 19 downgrades and nine upgrades. In contrast, there were 33 downgrades and 18 upgrades in 2004. (See chart 1.)

Chart 1  
U.S. Utility Ratings Changes



Downgrades in 2005 were attributable to overall deterioration in bondholder protection measures, unsupportive rate decisions, heightened adversarial regulatory and political developments, burdensome construction programs, unrecovered investments, a focus on shareholder value, and more aggressive growth strategies. Upgrades were traced to reduced exposure to riskier unregulated activities, healthier balance sheets, increasing free cash flow, enhanced liquidity, expectations of sustained profitability, supportive rate decisions, stronger business profiles, and credit supportive actions by management.



However, it is worth noting that the bulk of the upgrades were for just a few holding companies that own many subsidiaries, and were from very low ratings.

Many companies face various business and financial pressures, which resulted in their ratings going on CreditWatch with negative implications in 2006. CreditWatch listings and rating outlooks are good indicators of prospective rating actions, and given the numerous new and existing negative CreditWatch listings and negative credit outlooks, any upturn in overall ratings quality is unlikely over the intermediate term. The principal drivers of such actions in 2006 were the Gulf Coast hurricanes, merger and acquisition activity, adverse regulatory developments, and in the case of one company, a large impairment charge.

Despite the challenges that lie ahead, the outlook for regulated utilities remains reasonably stable. Much of the industry has been re-emphasizing its core competencies, but this is certainly not without its own risk. These include the major pending regulatory decisions in certain states, the need for substantial infrastructure expenditures, mergers and acquisitions, fuel-cost recovery in a high-fuel-price environment, and still low, but gradually rising, interest rates.

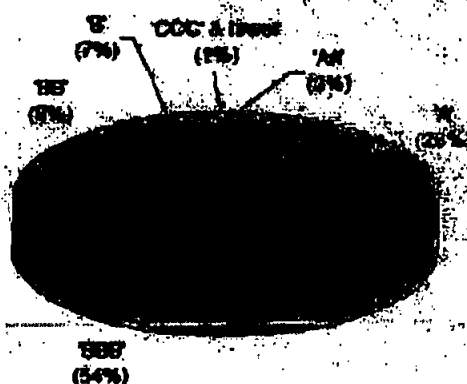
Except for Calpine Corp. (D/-/-), credit trends in the merchant energy segment have been relatively stable. After a tumultuous few months that saw the abrupt dismissal of the company's founder and CEO, as well as the CFO, the large energy merchant declared bankruptcy, which is likely to be protracted and highly contentious. Excess capacity in certain energy markets will continue to present a challenging operating environment for merchant generators despite financial restructurings. The creditworthiness of many purely merchant power companies is constrained by fluctuating cash flow from operations despite some improvement in power markets in certain regions. One bright spot in this otherwise dim market are merchant coal and nuclear plants that are benefitting from cheaper generation costs in markets where elevated gas prices set power prices.

#### **Industry Remain Ratings Entrenched In 'BBB' Category**

The ratings distribution for the energy sector in recent years has changed slightly, but not enough to shift the average rating out of the 'BBB' category. The percentage of companies carrying ratings in the 'BBB' category (which includes 'BBB+' and 'BBB-') has risen to 64% from 48% one year ago and the percentage of utilities rated 'A-' and above has declined to 30% from 35% in 2004. There has also been some change in the speculative-grade sector, where the percentage of ratings has fallen to 15.8% from 17.3% at the end of 2004. (See chart 2.)

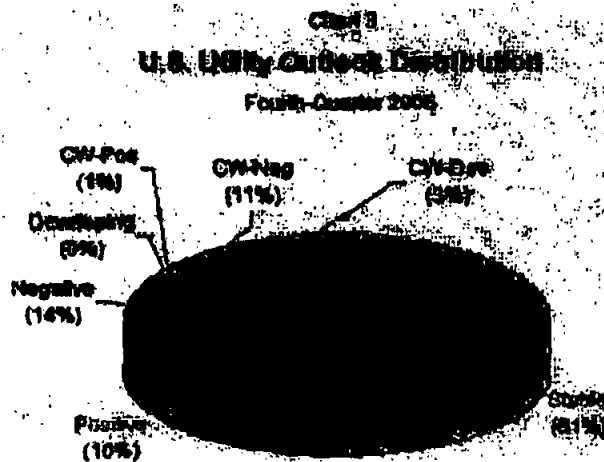


Chart 2  
U.S. Utility Ratings Distribution  
Fourth Quarter 2005



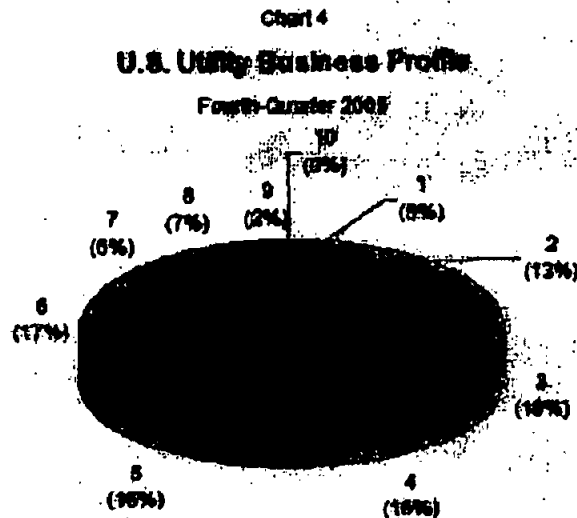
Only about 11% of the industry has positive credit outlooks or are listed on CreditWatch with positive implications. Although the number of negative outlooks has diminished considerably from one year ago, the number of companies with negative CreditWatch listings has climbed to 45, or nearly 15%, from 17 (8%) at the end of 2004. The drop in negative outlooks is a result of ratings that have been lowered that carried a negative credit outlook. The increase in the number of companies placed on CreditWatch with negative implications is a result of acquisitions, regulatory uncertainty, and hurricanes. A further acceleration in merger and acquisition activity, which Standard & Poor's expects, would also weigh heavily on creditworthiness over the intermediate term. (See chart 3.)





The U.S. power sector is relatively highly rated, certainly compared with the average 'BB' category for U.S. industrial companies. This is a function of the large percentage of firms (about 85%) carrying business profiles of '8' (considered satisfactory) and stronger (see chart 4.). A firm's business profile is assessed on a '1' to '10' scale (where '1' represents excellent and '10' vulnerable), and incorporates an analysis of the qualitative factors of management, competitive positioning, operations, markets, and regulation (if appropriate), as well as nonregulated businesses, typically merchant generation and energy trading and marketing.





Black is too

#### Credit Metrics Stabilizing

Certain measures of bondholder protection have stabilized following several years of gradual improvement, reflecting debt reduction, divestiture of unregulated noncore assets, refinancing of higher-cost debt, and tight cost controls. Based on a significant sampling of U.S. utilities, adjusted funds from operations (FFO) to average total debt for the 12 months ended Sept. 30, 2005 (the latest period in which comparable data are available), was about 19% (a level suitable for utilities in the low to mid 'BBB' rating categories with a satisfactory '5' or '6' business profile) which closely mirrors the 19.3% recorded in 2004, but is much stronger than the 16.6% calculated in 2001. Adjusted FFO interest coverage has also stabilized at about 3.6x (coverage commensurate for utilities with 'BBB+' or 'A-' ratings). Total debt, including hybrid preferred securities and off-balance-sheet obligations, moderated a bit and stood at 58% at Sept. 30, 2005, compared with 59.3% at the end of 2004 and 60.3% at year-end 2001. This level of debt, while just one measure of financial health, is characteristic of the 'BBB-' and 'BB+' category credit. (See charts 5, 6, 7, and 8.)



Chart 6  
**Adjusted Funds From Operations Interest Coverage**

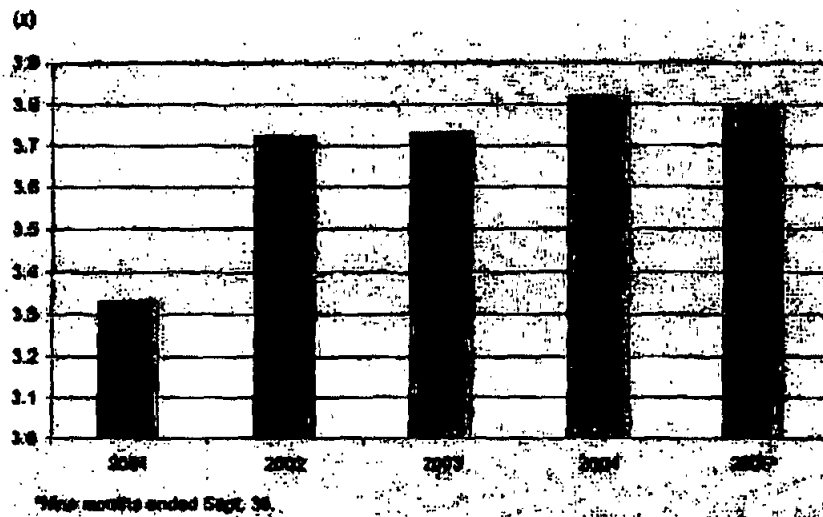


Chart 7  
**Adjusted Funds From Operations To Average Total Debt**

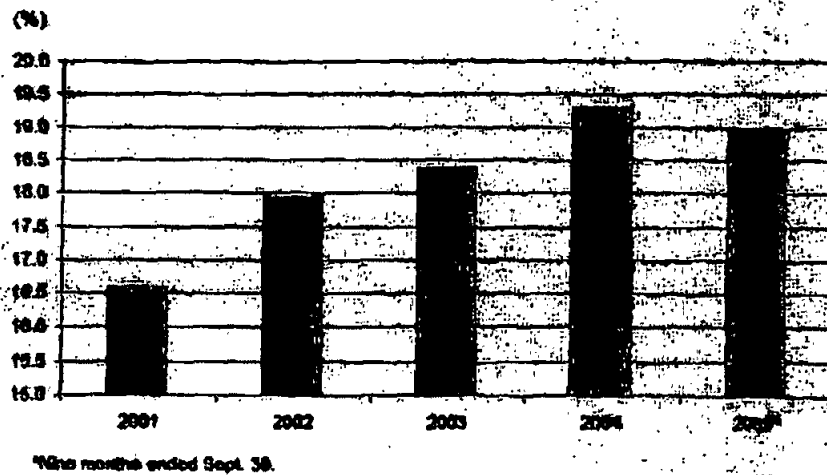




Chart 7  
**Adjusted Total Debt To Total Capital**

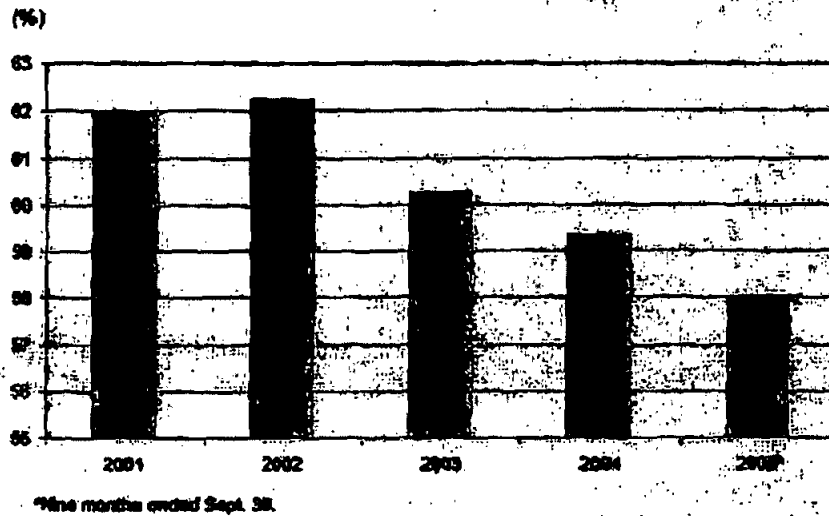
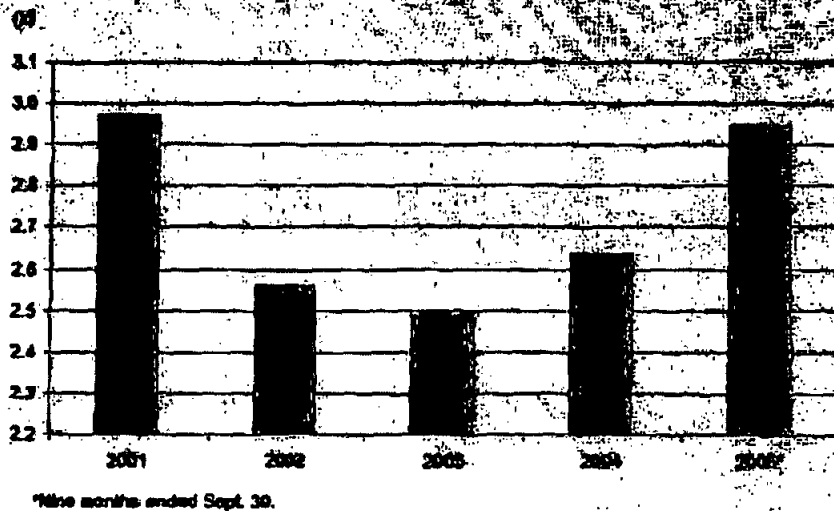


Chart 8  
**Adjusted EBIT Interest Coverage**





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### Capital Market Update

Reliance on external capital continues to be relatively steady. The amount of medium- to long-term debt, preferred stock, and hybrid securities issued during 2005 was about \$51.8 billion, compared with about \$53.9 billion in 2004. The leveling off of financing activity can be traced predominately to the significant amount of refinancing completed in early 2004 and Pacific Gas & Electric Co.'s massive \$8.7 billion financing related to its emergence from bankruptcy in early 2004. Although interest rates are expected to continue to gradually rise, debt financing could pick up as many companies start building power generating plants, expand and improve transmission and distribution facilities, are required to make new environmental modifications at coal-fired plants, and as merger and acquisition activity accelerates.

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### Looking Ahead

The percentage of stable utility rating outlooks stood at 81% as of Dec. 31, 2005, materially higher than the 54% level posted at the end of 2004. While negative outlooks (14%) have declined from 33% at Dec. 31, 2004, negative CreditWatch listings have risen to nearly 11% from just 3% one year ago. The percentage of positive outlooks and positive CreditWatch listings hovered around 10% and 1%, respectively, at the end of 2005. This negative bias results mostly from deteriorating financial profiles, weak competitive positioning, investment in unregulated activities, regulatory uncertainty, a volatile wholesale power market, and acquisitions of financially weaker companies. CreditWatch placements are typically driven by events such as mergers and acquisitions or the vulnerability of an issuer to a potentially unsupportive regulatory decision. Of all the companies on CreditWatch, 71% carry a negative listing, 20% are developing (which indicates that a rating may be raised, lowered, or affirmed), and 9% are positive.

Standard & Poor's is closely monitoring the effects of higher energy costs and problems that could arise with fuel availability. Of primary importance to stable credit quality will be the level of support that state regulators provide to utilities for fuel cost recovery, particularly as these costs, especially gas, have been rising exponentially.

Utilities with fixed-fuel clauses, frozen rates, or material regulatory lag face reduced operating margins, greater demand for working capital, or both. Companies that are routinely granted fuel true-ups every year may be asked to spread recovery over many years to ease the pain for the consumer. However, not all companies suffer from high fuel costs. Companies with significant nuclear and coal base load capacity and midstream oil and gas operators are posting very good financial metrics.

In addition to fuel-cost recovery filings, regulatory commissions are addressing substantial rate base requests related to new construction and newly acquired generating capacity. Spending for environmental controls on coal plants is accelerating, as are rate-setting requests for new transmission facilities. A very positive development for credit quality is the fact that most of the regulatory rulings related to the construction of new base load coal plants follow comprehensive settlement negotiations among utilities, commission staff, consumer advocates, and other major intervenors. Such an approach, which occurred in Wisconsin, Iowa, Missouri, Kansas, and Colorado, limits substantially the possibility of any subsequent review of utilities' expenditure decisions. Regulatory certainty for the next four years was also achieved for the two largest utilities in Florida this quarter through regulatory settlements that essentially continued the existing revenue sharing plans while deferring any material rate base increases for at least one more year.

Notwithstanding the current industry trend of getting "back to basics," Standard & Poor's does not discount prospects for a return to nonregulated business pursuits outside of the core competencies of utility management. Inevitably, competition for capital and investor interest could again embolden companies to embrace growth strategies that would likely erode credit quality, absent protective structural and ring-fencing mechanisms. Efforts to



reward shareholders through share repurchases or dividend increases are also a development that weighs on credit quality. These actions are especially significant for companies whose financial profiles are already somewhat weak for their ratings, leaving them susceptible to negative rating actions.

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### Downgrades In 2005

The ratings on Exelon Corp. (BBB+/Watch Neg/A-2) and subsidiaries Commonwealth Edison Co. (ComEd; BBB+/Watch Neg/A-2), PECO Energy Co. (BBB+/Watch Neg/A-2) and Exelon Generation Co. LLC (BBB+/Watch Neg/A-2) were lowered and remain on CreditWatch with negative implications reflecting the heightened adversarial regulatory environment in Illinois, the potential effect of cash flow degradation, and Standard & Poor's view that final regulatory resolution of this dispute will weaken credit measures to a level more appropriate for the lower rating. Recently, Exelon reorganized ComEd's board of directors and certain senior management positions to signal ComEd's independence and separateness from parent, Exelon, and help manage the difficult regulatory environment that could put a greater strain on the utility's financial position. Despite Exelon's effort to separate ComEd from Exelon and its other units, Standard & Poor's ratings continue to reflect interdependence between ComEd and Exelon for a number of reasons. Notably, ComEd relies on power provided by Exelon Generation contracted through 2006. If the relationship between ComEd and Exelon Generation terminates as a result of some regulatory action, Exelon Generation's risk profile could increase due to the lack of long-term contracts and a greater dependence on riskier, competitive markets. Resolution of the CreditWatch listing depends on a variety of items, including completion of the merger with lower-rated Public Service Enterprise Group Inc., greater clarity on the regulatory scheme in Illinois after 2007, and the recovery prospects for large capital outlays made by ComEd.

On Jan. 24, 2006, the Illinois Commerce Commission voted in favor of the reverse auction process as the method by which ComEd will acquire power after 2006. Standard & Poor's also expects various interveners to file an appeal.

The ratings on Ameren Corp. (BBB+/Watch Neg/A-2) and its units were also lowered and placed on CreditWatch with negative implications following unfavorable actions by the Illinois governor designed to prevent the company's Illinois subsidiaries from raising electric rates in 2007. The governor stated his adamant opposition to the heavily negotiated power-procurement process by which the utilities, which have virtually no generating capacity of their own, will acquire power after 2006. To further his goal of maintaining current below-market rates, the governor attempted to replace the chairman of the Illinois Commerce Commission with the head of the state's largest consumer advocacy group. An executive of Ameren subsequently indicated that the inability of the Illinois utilities to adjust rates to levels necessary to fully recover, on a timely basis, the costs of providing power and delivery services could, in the extreme, lead to a bankruptcy filing of the Illinois utilities. Standard & Poor's considers the existence of a political and/or regulatory environment that could create a set of circumstances that could ultimately lead the Illinois utilities to file for bankruptcy to be incompatible with 'A' category credit ratings. Subsequently, in January 2006, the Illinois Commerce Commission voted in favor of the reverse auction process as the method by which Ameren's Illinois utilities will acquire power in 2007.

The ratings on Pinnacle West Capital Corp. (PWCC; BBB-/Stable/A-3) and subsidiary Arizona Public Service Co. (APS; BBB-/Stable/A-3) were lowered due to increased regulatory and operating risk at APS. Specifically, Standard & Poor's is concerned that the Arizona Corporation Commission (ACC) is not expeditiously addressing APS's growing fuel and purchased-power cost deferrals, which have grown rapidly because of elevated gas prices and increased dependence on this fuel. In late 2005, APS filed for a nearly 20% rate hike, and it appears unlikely that a resolution will be reached before mid-2007. Combined with a year of weaker-than-expected performance at the historically reliable Palo Verde nuclear station, Standard & Poor's now views the business profile of PWCC and APS as a satisfactory 'B' and no longer a 'B'. Consolidated cash coverage metrics are weak due to delayed rate relief at APS. Future cash flow metrics will depend importantly on the ACC's



actions, but are generally not expected to display any significant improvement through 2006 due to a continued build up of deferrals. Performance in 2007 will be heavily predicated on how long it takes for the ACC to rule on the base rate increase. Due in large part to PWCC's April 2005 issuance of \$250 million in common stock, adjusted debt to capital remains solid at 53%. Yet, borrowing needs could rise in 2006 to fund APS's additional power and fuel costs deferrals and to invest in capital outlays. The stable outlook reflects expectations that the ACC will resolve at least a portion of APS' increasing deferred power costs in early 2006. In addition, the outlook presumes that progress will be made in addressing APS's rate case and that any outcome will support the return of consolidated financial metrics to what until 2004 was a reasonable performance. Ratings stability also depends on improved 2006 performance at Palo Verde. Any adverse regulatory action or continued delays in resolving the pending surcharge request could result in negative rating action.

The ratings on Dominion Resources Inc. (BBB/Stable/A-2) and subsidiaries Virginia Electric & Power Co. (BBB/Stable/A-2), and Consolidated Natural Gas Co. (BBB/Stable/A-2) were lowered. The downgrade follows Standard & Poor's assessment that fuel factor losses at Virginia Power and delayed production at Dominion Exploration & Production have harmed financial performance to a level more commensurate with a 'BBB' rating and that there will be no material improvement in Dominion's credit profile before mid-2007. The stable outlook reflects expectations that Dominion will maintain a financial profile that is suitable for current ratings. A positive outlook could result in 2007 if expected cash flow increases from a fuel reset, roll-off of legacy hedges, and from earnings growth from new projects. However, a negative action could result if the financial profile erodes further, particularly if unrecoverable fuel costs at Virginia Power and continuing production delays in the Gulf of Mexico result in a significant decline in 2006 cash flow expectation.

The ratings on ONEOK Inc. (BBB/Stable/A-2) were downgraded due to increasing business risk driven by a volatile gas price environment and an adjustment to ONEOK's business risk position (to '7' (weak) from '8' (satisfactory)), considering that the company has 50% of unregulated cash flow. ONEOK's stable outlook is supported by a stable regulated operation and unregulated operations that have performed relatively well over the past few years. Due to ONEOK's acquisitive nature and its involvement in master limited partnership (MLP) structures, ratings movement could depend on the risk of the asset acquired or the kind of asset it chooses to put into an MLP structure. Additional financial leverage beyond the present capital structure may lead to a change in outlook or ratings action.

The ratings on Suburban Propane Partners L.P. (B+/Stable/-) were lowered and removed from CreditWatch with negative implications. The action is attributable to weak operating and financial performance in fiscal 2005 at the partnership's fuel oil segment, primarily due to spikes in commodity prices and an ineffective hedging strategy for the partnership's fuel oil customer Ceiling Program. Although this price-cap program has since been terminated and financial performance in the fuel oil segment could return to the more profitable levels realized in 2004, concerns remain regarding the firm's ability to fully bounce back from the challenges faced last winter. Of particular concern is that financial performance could suffer during this year's winter heating season, given extraordinarily high commodity prices and the possibility of atypical weather. Suburban's ratings are based on a vulnerable business profile, an MLP structure, and frail financial condition. These concerns are only partially countered by the partnership's large retail propane operations with favorable operating characteristics. Ratings stability reflects the expectation of improved financial performance during this winter heating season. Ratings stability also depends on the company establishing a good operating record with its riskier fuel oil segment.

The ratings on American Water Capital Corp. (AWCC; A-/Watch Neg/-) were lowered and placed on CreditWatch with negative implications. AWCC is a wholly owned subsidiary of American Water and serves as the funding conduit for American Water's regulated water utility subsidiaries. American Water is a wholly owned subsidiary of parent RWE AG (A+/Negative/A-1). The rating action follows RWE's announcement that it intends to sell its



U.K. and U.S. water businesses and reflects the weaker, stand-alone credit quality of AWCC, absent RWE's support. The CreditWatch listing on AWCC is not expected to be resolved until the sale is complete due to the greater amount of uncertainty regarding the future plans for the American Water operations versus those of the U.K. water business, RWE Thames Water PLC (A/Watch Neg/A-1).

Entergy New Orleans Inc. (D/-/-) experienced two negative rating actions in the fourth quarter, resulting in a downgrade to 'D' from 'CCC+', reflecting the company's voluntary petition for bankruptcy protection filed on Sept. 23, 2005. The company's first mortgage bonds were subsequently lowered to 'D' on Oct. 18, 2005 after it defaulted on those obligations, an event that Standard & Poor's believes is unprecedented. The recovery prospects for first mortgage bondholders are under review pending the valuation of the remaining utility plant collateral and insurance proceeds. The ratings on the company's parent, Entergy Corp. (BBB-/Watch Neg/-), and all other affiliates remain on CreditWatch with negative implications. Entergy New Orleans' bankruptcy filing was a result of near-term liquidity stress and the huge restoration costs related to Hurricane Katrina, which are currently estimated at between \$326 million and \$476 million. Entergy, the parent company, eliminated all cross-defaults associated with its bank credit facility before Entergy New Orleans filed for bankruptcy. Entergy may provide \$200 million to Entergy New Orleans as debtor-in-possession financing, on bankruptcy court approval, for the unit's short-term needs. Standard & Poor's believes that Entergy and all other units will be excluded from Entergy New Orleans' bankruptcy filing based on the assessment that the parent has the means and motivation to effectively contain the obligations of Entergy New Orleans at the subsidiary level.

The ratings on Valero L.P. (BBB-/Stable/-) were lowered and removed from CreditWatch with negative implications. Standard & Poor's also withdrew its corporate credit rating on Kanab Pipe Line and lowered its rating on Kanab's senior unsecured debt to 'BBB-' from 'BBB' and removed the rating from CreditWatch with negative implications. The rating actions followed the completion of Valero's \$2.9 billion acquisition of Kanab. Lower ratings can be traced to the leverage associated with the transaction, caused primarily by the high price Valero is paying for Kanab. Pro forma debt to EBITDA, after considering debt reduction from pending asset sales of about \$460 million, is expected to increase to about 4x. Although Valero will benefit from considerable broadening of its business lines and reduced cash flow concentration, Kanab's merchant terminalling and ammonia pipeline activities introduce a measure of added volatility. In particular, the transactional nature of the St. Louis Terminals operations exposes the partnership to margin and throughput volatility, particularly during periods of shifting forward curves for oil and refined products. The stable outlook reflects the expectation that, as an MLP, Valero will regularly pursue acquisitions. Significant acquisitions consisting of noncorrelated activities or funded in a leveraging manner would likely pressure the ratings on Valero. The partnership's capital structure and inability to meaningfully delever through internal means due to its MLP structure renders positive rating actions unlikely.

The corporate credit rating on Madison Gas & Electric Co. (MG&E; AA-/Stable/A-1+) was lowered because Standard & Poor's expects that financial metrics will decline, assuming that the company takes an ownership interest in two pulverized coal-fired units. Also, MG&E will require supportive regulation to recover the capital outlays during the heavy generation construction phase. MG&E's financial position should stabilize after the two units are built and remain strong enough to support the rating. Ratings stability also assumes supportive regulation, including rate increases, during the construction of the coal units. Otherwise, the outlook could be revised to negative.

The ratings on Northeast Utilities (NU; BBB/Stable/-) and its units were lowered due to weak credit metrics and expectations for continued deterioration until the costs of a major construction program are recovered in rates. Subsidiary Connecticut Light & Power Co. (CL&P) is engaged in a major construction program to expand and upgrade its transmission and distribution network. This will require CL&P to issue \$200 million annually from 2005 to 2009. However, CL&P will not begin to recover the costs related to this



program until 2007/2008, when the investments become operational. The result will be a weakened financial profile for many years. Furthermore, although NU intends to sell certain of its unregulated assets, it is still subject to execution risk and remains exposed to the generation and retail supply businesses, which both represent high risk. If NU executes its sale plan and the cost of the construction program is quickly recovered in rates, the business profile will likely improve. With a stronger business profile, Standard & Poor's would consider the credit metrics solid for a 'BBB' rating. The stable outlook reflects expectations that over time, the lower risk regulated businesses of NU will dominate the business profile. In addition, the rating incorporates the expectation that NU will recover the construction program's costs and that NU's financial measures will be adequate for the rating. A sustained deterioration of financials may lead to a downgrade.

The ratings on Questar Pipeline Co. (A-/Stable/-) and Questar Gas Co. (A-/Stable/-) were lowered two notches and the short-term ratings on parent Questar Corp. (-/-A-2) were lowered to 'A-2' from 'A-1'. The corporate credit rating on Questar Market Resources Inc. (QMR; BBB+/Stable/-) was affirmed. The actions reflect Standard & Poor's reassessment of the relationships that exist among regulated and nonregulated entities at Questar. The intracompany relationships among the Questar family are marked by a generally free flow of funds and services. Although affiliation with QMR serves Pipeline and Questar Gas well in the current market with oil and gas prices at a cyclical high, Standard & Poor's recognizes that, over the long term, affiliation with QMR exposes the regulated entities to cyclical pressures that are inconsistent with the previous ratings. The rating action on Questar's short-term rating reflects QMR's increasing use of the parent's commercial paper. Continued delays in contracting the western segment of the Southern Trails pipeline and the FERC's order mandating a credit to shippers of proceeds from Pipeline's sale of natural gas liquids resulting from the processing of wet gas also pressure Pipeline's stand-alone business risk profile. The Utah Commission's order that Questar Gas refund certain intracompany gas-processing costs previously recovered in rates also points to a moderate (negative) shift in the regulatory environment. Ratings stability reflects expectations that the company will maintain its current business risk profile and that financial performance will continue to benefit from strong oil and gas prices over the short term. Should internal funds fall short of the company's operating and capital needs, ratings could be lowered if the company uses higher levels of debt to fund nonregulated oil and gas exploration and production (E&P) projects.

The ratings on Central Vermont Public Service Corp. (BB+/Stable/-) were lowered and removed from CreditWatch with negative implications. The downgrade is in response to a Vermont Public Service Board rate order requiring Central Vermont to provide refunds to customers of about \$8 million in June 2005 and to cut rates by 2.75% effective April 1, 2006. The order represents an adverse shift in the regulatory climate, which heightens the company's business risk. The refund and rate limit the company's ability to generate positive discretionary cash flow, which is a material difference from previous years. Ratings stability reflects the expectation that the company's financial profile will not erode beyond current projections. Should FFO fall short of projections, the outlook may be revised to negative. Furthermore, should the company pursue additional discretionary capital projects or provide additional financial support for nonregulated projects, the outlook could be revised to negative. While Standard & Poor's considers it unlikely that the company will obtain substantive rate relief before 2007, if the company files for and obtains substantive rate relief before then, the outlook could be revised to positive.

The ratings on TXU Corp. (BBB-/Stable/-) and its units were lowered and removed from CreditWatch with negative implications. The 'BBB-' rating on TXU Electric Delivery Co.'s senior unsecured debt is in anticipation that the company will exercise its right to eliminate the "fall-away" lien on the secured bonds. The business risk profile on the company was changed to '7' from '5'. The rating actions reflect Standard & Poor's views that even though TXU's disposal of its nonperforming assets and restructuring of its debt over the past year and a half are highly beneficial to all stakeholders, TXU's willingness to use debt leverage to bolster its stock price and its strong earnings per share growth targets may be a source of continued tension with lenders' interests. Given the company's heavy focus on equity holders, Standard & Poor's current opinion is that a 'BBB-' rating is more appropriate for



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the company. The stable outlook incorporates the expectation that the company may continue to issue more debt to buy back stock and expand into higher-risk businesses, but only to a point shy of triggering a rating action. A fall in gas prices during the next two years is not likely to result in a rating action unless the ramifications on the retail business are beyond current expectations.

The ratings on TEPPCO Partners L.P. (BBB-/Stable/-) and TE Products Pipeline Co. L.P. were lowered and removed from CreditWatch with negative implications following Standard & Poor's review of the ownership structure, corporate governance, and proposed funding after affiliates of EPCO Inc. acquired TEPPCO's general partner interest in early 2005. EPCO, a private company, is unrated. The ratings on TEPPCO reflect expectations that the partnership will likely pursue a more aggressive growth strategy under its new owner to increase incentive payments to the general partner. This is particularly so because the acquisition price paid to acquire the general partner is a relatively high multiple of general partner cash flow and is entirely debt-funded. The ratings also reflect TEPPCO's weak distribution coverage and high leverage relative to other energy MLPs. Standard & Poor's expectation for more aggressive growth and also production declines in the Val Verde coal-bed methane system has resulted in a weakening in TEPPCO's business profile score to '5' from '4'. These weaknesses are mitigated to an extent by TEPPCO's other assets that generate relatively stable cash flows, a diverse customer mix, and limited commodity risk. The stable outlook reflects expectations that the company will produce earnings and cash flow sufficient to maintain its current financial profile. However, the ratings could fall if the effects of double leverage at the parent results in a change in the company's growth strategy and the partnership takes on riskier projects to increase distributions to its owner.

The ratings on Energen Corp. (BBB+/Stable/-) and its subsidiary Alabama Gas Corp. were lowered, reflecting Energen's increasing exposure to the oil and gas E&P sector through the company's unit, Energen Resources Corp. Energen Resources has been and continues to be the company's primary growth vehicle. Alabama Gas, Energen's regulated gas distribution subsidiary, serves a mature market with limited opportunities for growth. Over the past two years, Energen Resources has accounted for about 80% of the company's total capital expenditures. Prospectively, the unit is expected to account for 85% of capital outlays. Participation in the oil and gas sector increases the company's exposure to a competitive and cyclical industry with large capital requirements. Above-average business risk requires robust cash flow protection and lower debt leverage. While strong commodity prices have bolstered consolidated cash flows significantly over the past three years, the company maintains a higher tolerance for debt than is appropriate for a typical 'A' category company in this sector. The stable outlook reflects expectations that the company's exposure to the oil and gas sector will not increase materially over the short term. Ratings stability also assumes that the company's debt will not increase and that the company will pursue relatively low-risk E&P properties that are consistent with its current "acquire-and-exploit" strategy. Moreover, the stable outlook reflects expectations that Alabama Gas's regulatory environment will remain highly supportive of credit quality.

The ratings on Middlesex Water Co. (A-/Stable/-) were lowered owing to continued heavy capital spending at Tidewater Utilities Inc. (Tidewater), regulatory uncertainty surrounding new wastewater operations at Tidewater Environmental Services Inc. (TESI), an historically high dividend payout, and a moderate financial profile. Tidewater's capital requirements are heavy and expected to rise, although its regulatory environment appears to have stabilized. Regulatory treatment for TESI, which is expected to begin operations this year, remains uncertain given recently passed legislation in Delaware affecting newly regulating wastewater facilities. Middlesex's financial profile is more commensurate with an 'A-' rating. Ratings stability reflects state regulation of its New Jersey and Delaware water utilities that is generally favorable for credit quality, a strong competitive position, and efficient operations, somewhat offset by Tidewater's heavy capital program, regulatory uncertainty for wastewater operations, the risk of unregulated operations, and a moderate financial profile. Upside ratings movement is possible with an improved financial profile, moderation of capital spending, supportive regulation for wastewater activities, and reduced risk at the unregulated units. Conversely, downside ratings movement could result from strained credit metrics due to heavy capital spending at Tidewater, unfavorable rate



treatment, or increased investment in nonregulated operations.

The ratings on Equitable Resources Inc. (A-/Stable/A-2) were lowered, reflecting the company's continued strategic initiatives to increase capital expenditures in its riskier E&P operations, combined with its more aggressive financial policies, including a share repurchase program, dividend increases, and increased debt levels over the past few years. Standard & Poor's views Equitable's operations more as an E&P company and less as a lower-risk, more stable, regulated gas distribution company. Consequently, the financial profile and cash flow metrics are being compared with other independent E&P companies. Still, Equitable's natural gas reserve base is relatively low risk with modest maintenance capital requirements and a rather stable production rate provided by its long-lived reserve base (reserve/production ratio of about 22 years), which are credit strengths. Nevertheless, Standard & Poor's views E&P as a fundamentally much riskier activity than Equitable's gas distribution operation. Equitable's focus on its E&P business has grown significantly over the past few years, which has weakened the company's overall business risk to a '7' from '6'.

The stable outlook is predicated on funding its operations in a manner more consistent with other E&P companies. Continued attention to operational efficiencies and process improvements that will result in near-term cost reductions, and the ongoing mitigation of commodity-price risk are also expected. Conversely, less-than-expected cash flow from its riskier E&P business, continuous share repurchases, and dividend increases—forgoing any debt reduction—and material deterioration in its financial profile could warrant an outlook revision and/or lower ratings. Upside momentum is muted by the firm's reliance on a business mix that is highly dependent on E&P, coupled with the modest size and scale of those operations compared with other independent E&P companies.

The ratings on Northern Border Partners L.P. (BBB+/Stable/—) and its major subsidiary, Northern Border Pipeline Co. (NBPL; BBB+/Stable/—) were lowered and removed from CreditWatch with negative implications. The downgrade on Northern Border Partners can be traced to ownership changes at its general partner that could affect the company's strategic direction, modestly heightened concerns over recontracting risk at NBPL, and mild deterioration in the overall business risk of the entity due to an emphasis on growth. The migration away from reliance on the core regulated pipeline operations at NBPL was expected, but the new ownership at the general partner level will potentially accelerate the trend. ONEOK Inc. (BBB/Stable/A-2) purchased an 82.5% share of Northern Border's general partner from a successor of Enron Corp. in late 2004, and has been quick to exercise its influence over the partnership. ONEOK can be expected to devolve its eligible assets to the partnership in coming years. Ratings stability relies on the partnership's ability to manage the expected acquisition surge in connection with ONEOK's partnership involvement. Maintaining credit quality will require sensible asset purchases at reasonable prices that are supported by a balance of debt and equity. Attention to the pipeline operations, including the upcoming rate case at NBPL and the constant recontracting issues, will be also be necessary. Failure to adequately address those issues could result in a downgrade. Possible upward movement in ratings is unlikely because of Northern Border's MLP structure and the growth incentives built into that structure.

The ratings on WPS Resources Corp. (A/Negative/A-1) were affirmed, but the ratings on subsidiary Wisconsin Public Service Corp. (WPSC; A+/Negative/A-1) were lowered. The lower ratings on WPSC reflect expectations for continued deterioration in bondholder protection measures, as well as uncertain plans for funding accelerating construction expenditures. WPS Resources had planned to partly fund outlays with proceeds from two power plant sales, both of which have been delayed. The Public Service Commission of Wisconsin's (PSCW) rejection of the Kewaunee sale and the failed Sunbury generating facility sale caused uncertainty for WPS Resources' 2008 financing plans. It is possible that both plants will be sold because the company is pursuing new options for Sunbury, and the PSCW has agreed to reconsider selling Kewaunee under revised terms, but until the sales are sure to occur, the expected proceeds of about \$300 million are not available for construction expenditures or to pay down short-term debt. In addition, if Kewaunee is sold,



Standard & Poor's would impute a debt equivalent, along with interest expense, for the purchased-power contract. The negative outlook reflects expectations for erosion of WPSC's financial position over the next several years, plus the existing uncertainty of its financing plan for construction expenditures. Should the financial profile weaken more than expected due to even further delays in assets sales, unfavorable regulatory actions, additional liquidity constraints, or failure to achieve earnings projections at ESI, WPS Resources' electricity and natural gas marketer, ratings will be lowered.

The ratings on Ferrelgas Partners L.P. (B+/Stable/-) and its operating limited partnership, Ferrelgas L.P. (B+/Stable/-) were lowered owing to the partnership's weaker retail operating performance and a highly leveraged financial profile that has been burdened by high fuel costs and two consecutive warm winter-heating seasons. Ratings are further restricted by Ferrelgas Partners' MLP structure, because Ferrelgas Partners generally pays unitholders distributions equal to nearly all available cash flow after debt service and business reinvestment commitments. This credit risk is partly mitigated by the partnership's distribution-support mechanism, whereby up to \$36 million of common unit distributions to Ferrell Cos. Inc., the general partner's parent, can be potentially deferred if a downturn in operations occurs. Acquisition risk is also a concern due to the consolidating nature of the propane industry and competition for market share with the other large MLP propane distributors. Another concern is exposure to weather, seasonal demand patterns, and changing commodity prices, which affect the partnership's number of gallons sold and, in turn, revenue and operating income. These concerns are only partially countered by Ferrelgas Partners' large, geographically diverse retail operations, which help mitigate isolated price and weather risks. The stable outlook is contingent on the ability to improve core retail operating performance through a successful completion of its new operating platform, achieve its expected earnings from Blue Rhino's cylinder exchange business, and materially improve credit measures, which are weak for the rating. Otherwise an outlook revision to negative is likely.

The ratings on Star Gas Partners L.P. (CCC+/Watch Neg/-) were lowered and remain on CreditWatch with negative implications. The action followed the company's announcement of a worse-than-expected 2005 first quarter operating income loss of \$21 million, which was primarily due to customer attrition, lower volume of heating oil sales, margin compression, higher operating costs, and significantly increased wholesale heating oil prices. The downgrade also reflects uncertainty surrounding the company's ability to stop the hemorrhaging of significant operating losses in fiscal 2006, and its effect on the company's ability to maintain sufficient liquidity with its banks. Standard & Poor's has heightened concern about whether the company's initiatives to improve results and decrease customer attrition will be effective for the rest of the fiscal year ended Sept. 30, 2006. Resolution of the CreditWatch listing depends on a full review of the viability of Star Gas's business model and assurance of access to adequate liquidity.

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## The Upgrades

The ratings on propane distributor Inergy L.P. (B+/Stable/-) were raised to reflect consistent financial performance and adequate credit measures, despite rapid acquisitive growth over the past year. In addition, the successful integration of the Star Gas Propane L.P. assets alleviates some previous concerns. The ratings action can also be traced to an improved business profile due to the recent acquisition of the Stagecoach natural gas storage facility. Ratings are limited by Inergy's MLP structure and weak business profile, which is characterized by acquisition risk and exposure to weather, seasonal demand patterns, and changing commodity prices. These concerns are only partially countered by Inergy's natural gas storage operations and the propane segment's favorable service territory and high ownership percentage of customer tanks. The stable outlook is based on the solid operating performance of the partnership's propane segment and the expectation of continued steady financial performance. Future large acquisitions or acquisitions of assets considered of greater risk than the company's current operations would likely result in an adverse rating action.



Higher ratings on FirstEnergy Corp. (BBB/Stable/--) can be traced to the consolidated creditworthiness of the holding company and its seven electric utility subsidiaries. The rating reflects the benefits of supportive regulation and a fleet of low-cost, base load power generation in Ohio and Pennsylvania; low-risk transmission and distribution operations in New Jersey and Pennsylvania; and rate certainty in Ohio. The company's ability to consistently generate free cash flow, good liquidity, and an improving financial profile are other strengths. First Energy's satisfactory business profile is characterized by relatively weaker nuclear operations compared with industry peers, a below-average regulatory relationship in New Jersey, heavy environmental spending, and pending investigations. The company carries high, albeit declining, debt leverage. FirstEnergy has resolved many of its past woes, including returning the Davis Besse and Perry nuclear stations to service. The fossil fleet is operating at record base load capacity factors, and the nuclear fleet's performance has improved. Ratings stability reflects receding concerns about operational management. The outlook also recognizes an improving financial profile and cash flow certainty through 2006. An upgrade is unlikely in the medium term, as achieved and projected deleveraging is reflected in current ratings. Although much less likely, a downgrade could occur if the SEC and federal grand jury investigations result in significant financial penalties that are not factored into current ratings.

The ratings on American Transmission Co. (ATC; A+/Stable/A-1) were raised owing to improving financial measures. The ratings on ATC reflect its steady cash flow from creditworthy Wisconsin utilities, low operating risk, and constructive regulation by the FERC. ATC's business profile reflects the ownership and operation of a highly reliable electric transmission system, situated mostly in Wisconsin. These strengths are partly offset by an ambitious infrastructure improvement plan and limited customer diversity. Ratings stability reflects ATC's strong cash flow from reliable transmission operations and responsive regulation. The stable outlook also incorporates the expectation that ATC's capital spending program will not stress financial measures, because the member companies, which own ATC, will continue to support credit quality through additional equity contributions. Upside ratings potential is limited due to customer concentration and counterparty credit risk. Ratings could be negatively affected if leverage materially increases, owners stop contributing equity during the heavy capital spending period, or if ATC changes its financial policies.

The ratings on El Paso Corp. (B/Positive/B-3) and its subsidiaries were raised to 'B' from 'B-', with the exception of El Paso Energy Credit Corp. (B+/Positive/--), whose rating was raised to 'B+' from 'B'. The upgrades recognize the progress the company has made in reducing exposure to unregulated operations and improving liquidity. Proceeds from asset sales and the issuance of \$750 million of convertible preferred stock put the company in a much-improved position to meet its challenging near-term maturities, although refinancing risk remains a material concern. The E&P business, where serious underperformance is a continuing cause for concern, has stabilized somewhat, as shown by leveling production decreases. Continued progress toward improving the financial profile and an improvement in E&P operations would result in another upgrade. The positive outlook reflects the assessment that El Paso is in an improved position to meet its looming debt maturities and that progress on its restructuring plan will allow management to focus on core businesses. Further ratings improvement would require additional progress on debt reduction, combined with stabilization of the upstream business. Conversely, failure to execute these plans would likely result in a stable outlook, and if the company's liquidity position were to significantly deteriorate, a downgrade could occur.

The ratings on NorthWestern Corp. (BB/Watch Dev/--) were raised because the new management has taken steps to improve regulatory relations, resolve litigation, and strengthen the company. However, on July 1, 2005, the ratings were placed on CreditWatch with negative implications pending clarity on Montana Public Power Inc.'s June 30, 2005, offer to buy NorthWestern for \$1.18 billion plus the assumption of \$825 million in debt. Subsequently, the CreditWatch implications were revised to developing from negative based on a new offer to purchase the company from Black Hills Corp. (BHC; BBB/Negative/--) and the continuation of Montana Public Power Inc.'s (MPPI) offer to acquire NorthWestern.



The ratings on Texas-New Mexico Power Co. (BBB/Negative/—) were raised two notches and removed from CreditWatch with positive implications. The upgrade followed the closing of PNM Resources Inc.'s (BBB/Negative/A-3) acquisition of TNP Enterprises Inc., the previous parent of Texas-New Mexico Power. The rating on Texas-New Mexico Power now mirrors the corporate credit rating on PNM Resources and its electric and gas subsidiary, Public Service Co. of New Mexico (PNMR; BBB/Negative/A-3). The outlook was subsequently revised to negative on Jan. 20, 2006, owing to a weakening of the company's financial performance resulting from decreased availability at the Palo Verde nuclear generating station, higher replacement power costs; and incremental construction outlays. Given these operational concerns, the financial risk profile may weaken in 2006-2007 as a result of the PNMR's acquisition of the 305 MW circulating fluidized-bed Twin Oaks generating plant from Sempra Energy for \$480 million. The company stated that it will structure the financing to maintain its investment-grade rating.

The ratings on DPL Inc. (BB/Positive/—) and its regulated subsidiary Dayton Power & Light Co. (BB/Positive/—) were raised and removed from CreditWatch with positive implications. The rating action follows the company's filing with the SEC of its audited 2004 Form 10-K with relatively minimal and immaterial restatements, and the completed sale of a significant portion of DPL's investment portfolio for net cash proceeds of about \$520 million. The sale of a sizable portion of its higher-risk investment portfolio, combined with the company's plans to use such proceeds toward debt reduction, bolsters DPL's creditworthiness by enhancing its business profile, and should further improve its financials. The business risk profile score on DPL was improved to 'B' from 'B-' due to the sale and the expectations that the company will ultimately liquidate the remaining interest in its investment portfolio. (Utility business risk profiles are categorized from '1' (excellent) to '10' (vulnerable).) The positive outlook incorporates new management's commitment to reconcile the company's former weak internal controls and corporate governance, combined with the utility's generation of sufficient cash flow and further reduction of DPL's debt. Upside rating action will be strongly correlated with the actual timing of the sale of its remaining interest in the investment portfolio assets and use of proceeds toward debt reduction and reinvestment needs in its core operations. Conversely, failure to reduce debt and improve cash flow would result in an outlook revision or downgrade.

The ratings on Allegheny Energy Inc. (BB+/Positive/B-2) were raised from 'B+' to 'BB-' on May 9, 2005 due to the company's progress in debt reduction using proceeds from asset sales and free cash flow, and through accelerated debt-to-equity conversion. Also supporting the upgrade was management's proactive approach to seeking regulatory relief and implementing cost reduction and reliability improvement initiatives. Subsequently, on Jan. 18, 2006, the ratings were raised to 'BB+' to reflect the high likelihood that Allegheny's credit measures will improve substantially in 2006 and 2007 as a result of debt reduction and the repricing of its energy production toward market rates. The positive outlook reflects the expectation that Allegheny will continue to execute its plan to improve its operations and reduce interest expense.

The corporate credit ratings on Southern California Edison Co. (SCE; BBB+/Stable/A-2) and Edison International (BBB/Stable/—) were raised following favorable regulatory developments that support credit quality and strengthening legislative and regulatory protections created in response to California's 2000-2001 energy crisis. Edison International's and SCE's ratings are evaluated independently of their merchant energy affiliates' financial performance because management has pledged that capital will not flow to the merchant companies from their affiliates and parent. The stable outlook reflects the expectation that on a consolidated basis, Edison International, SCE, and Edison Funding (an Edison International subsidiary) should be able to produce sound financial results in the face of resource needs that will require either additional debt or give rise to debt equivalents, a demonstration of an ongoing ability to recover costs in a timely manner, and an absence of actions by Edison International and Edison Funding that are detrimental to consolidated credit measures.

The corporate credit rating on Pacific Gas & Electric Co. (PG&E; BBB/Stable/—) was raised



following favorable regulatory developments that support credit quality and strengthen legislative and regulatory protections created in response to California's 2000-2001 energy crisis. The outlook is stable. Whether PG&E relies on an amortizing regulatory asset to help it service debt issued to fund its emergence from bankruptcy or uses the proceeds of a securitization to reduce debt, Standard & Poor's expects the company to be able to produce sound financial results in the face of resource needs that will require either additional debt or give rise to debt equivalents, a demonstration of an ongoing ability to recover costs in a timely manner, and an absence of actions by parent PG&E that are detrimental to consolidated credit metrics.

The ratings on Northwest Natural Gas Co. (A+/Stable/A-1) were raised to reflect continued superior financial performance, successful completion of the Mist Pipeline expansion project, issuance of \$38.5 million in common stock in April 2004, and the expectation of a strong financial profile. The company's very strong business profile is a function of supportive regulation in Oregon, a high-growth service area, a predominantly residential customer base, a favorable competitive position, and a reliable gas supply. Ratings stability reflects Standard & Poor's expectations that Northwest Natural will maintain its financial performance and finance additional capital investments so as to maintain the target equity layer of 45% to 50%.

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#### Recent CreditWatch Listings

The ratings on CMS Energy Corp. (BBB/Watch Neg/B-1) and its subsidiary Consumers Energy Co. were placed on CreditWatch with negative implications on news of a noncash after-tax impairment charge of about \$385 million. The charge is due to sustained high natural gas prices related to CMS Energy's 49% ownership in Midland Cogeneration Venture L.P. The charge represents about a 14% decline in the company's common equity base. The CreditWatch listing reflects the impairment's negative impact on the balance sheet and its considerable increase in CMS' high leverage at a time when the company needs to continue improving its financial measures to levels more suitable for the ratings. Additionally, the charge resulted in a failed net earnings coverage test under Consumers' first mortgage bonds that will limit Consumers' ability to issue first mortgage bonds up to \$288 million over the next 12 months. This limitation, combined with reduced liquidity being absorbed by increased working-capital needs due to high gas prices, as well as CMS' higher capital spending in 2006, further heightens concerns regarding the company's ability to improve its financial condition. Resolution of the CreditWatch listings is expected to occur in the first quarter of 2006. The analysts will involve determining whether CMS Energy's core regulated operations can meet 2006 capital expenditures plans, maintain appropriate liquidity, and improve the overall financial profile to levels that are commensurate with the 'BB' ratings.

The ratings on Southern Union Co. (BBB/Watch Neg/--) were placed on CreditWatch with negative implications following the company's announced acquisition of Sid Richardson Energy Services Co. for \$1.6 billion. Initially, the acquisition will be financed with short-term debt. Sid Richardson, a Midland, Texas-based gas processing business, adds both operating risk and commodity price risk to the business profile of Southern Union, which until now had acquired only low-risk natural gas pipeline and gas distribution businesses. The impact of the acquisition on current ratings will greatly depend on Southern Union's ability to mitigate the inherent business risks of gas processing. The rating outcome will also depend on the amount of equity that Southern Union is willing to issue to support a stronger financial profile. To preserve current ratings, the consolidated financial risk profile must be stronger than those of similarly rated companies whose business plans do not include an active acquisition strategy. Following past acquisitions, Southern Union has achieved debt reduction targets within a reasonable period of time. In the third quarter of 2005, metrics were again at the higher end of the range expected for a firm with a business risk profile score of '3'. However, the higher-risk business profile score will require that Southern Union produce stronger financial measures to maintain current ratings.

The ratings on FPL Group Inc. (AA/Watch Neg/--) and its subsidiaries were placed on



CreditWatch with negative implications as the result of the announced merger with Constellation Energy Inc. The combination would most likely weaken FPL's business risk profile score of '5' and its financial condition. This action is based on the assumption that the combined entity would have a significantly higher percentage of cash flow from higher-risk competitive businesses, with little change in the pro forma balance sheet. Despite the slightly higher risk profile, the combined company should benefit from additional regulatory diversity and an increased asset base for the competitive energy operations.

The ratings on Constellation Energy Group Inc. (BBB+/Watch Pos/A-2) and its subsidiaries were placed on CreditWatch with positive implications, following the company's announcement that it is merging with higher-rated FPL Group Inc. The potential for a ratings upgrade assumes that the combined company will not pursue a more aggressive business strategy or financial policy than each company had pursued individually. The combination provides an important strategic support for Constellation's unregulated business. The bigger and stronger balance sheet of the combined company should allow Constellation's unregulated business to seek growth opportunities. The balance sheet, along with the access to the FPL Group's power plants, will also give Constellation a competitive advantage in terms of hedging cost and flexibility. Standard & Poor's expects to resolve the CreditWatch listings as additional details of the merged company become available, including clarity on the combined management and financial structure as well as specific information on the \$250 million of annual cost savings, especially given the necessary regulatory approvals for the transaction.

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#### Fourth-Quarter Outlook Revisions To Stable

The outlook on Progress Energy Inc. (BBB/Stable/A-2) was revised to stable from negative to reflect resolution of several regulatory issues in Florida and the increased likelihood that the financial performance will strengthen over the next two years. The IRS investigation into Progress Energy's synthetic fuel operations is pending, and this outlook revision does not reflect a change in opinion regarding the outcome of the case. If the outcome of the IRS audit is unfavorable, the outlook is more likely to be revised to negative or the ratings placed on CreditWatch with negative implications while the long-term effect is assessed.

The outlooks on CenterPoint Energy Inc. (BBB/Stable/A-3) and its subsidiaries, CenterPoint Energy Houston Electric LLC and CenterPoint Energy Resources Corp., were revised to stable from negative reflecting progress on recovering stranded costs of generation assets related to the Texas electric restructuring law and the sale of the parent's generation assets. Ratings stability reflects expectations for improved credit measures following the issuance of securitization bonds and related debt reduction. If credit measures ultimately do not reach expected levels as a result of this process, or if CenterPoint expands the business in a manner that adds to business risk without a related increase in financial strength, a downgrade could result. On the other hand, favorable resolution of the appeals process resulting in stronger bondholder protection measures could lead to a higher rating.

The outlook on Otter Tail Corp. (BBB+/Stable/-) was revised to stable from negative, reflecting the company's shedding of underperforming competitive businesses, a more stable financial profile in the competitive businesses, and the adequate performance of the utility division. The company's steady financial condition may weaken if it builds a coal-fired unit. Assuming no significant changes in the performance of the competitive businesses, the financial profile should improve after the coal-fired unit is built, and should remain strong enough to support the rating thereafter. Ratings stability also assumes supportive rate treatment. An adverse rating action could occur if regulation is unresponsive during the construction cycle and if construction costs are materially different from budgeted. Downside action could also arise if the financial performance of the existing competitive businesses becomes uneven or if Otter Tail continues its aggressive strategy of acquiring companies in different business lines. Positive momentum is unlikely until the coal unit is operational.



The outlooks on American States Water Co. (A-/Stable/-) and main water distribution utility subsidiary Golden State Water Co. (formerly Southern California Water Co.) were revised to stable from negative, reflecting an improved regulatory environment and stronger financial risk profile. The rating on American States reflects the creditworthiness of Golden State. Nonregulated subsidiary American States Utility Services Inc. manages operation and maintenance contracts for municipal and military water and wastewater systems, but its operations remain relatively small. Ratings stability reflects an improved financial condition and assumes adequate and timely rate relief. The outlook also assumes that unregulated operations will remain modest, although further expansion is possible given the company's pursuit of military system privatization contracts. Significant expansion of unregulated operations or weak financial results could lead to a negative outlook, while successful execution of the company's capital program, conservative financial management, and strong results could result in upward momentum.

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#### CreditWatch Implications To Watch Dev From Watch Neg

The CreditWatch Implications on NorthWestern Corp. (BBB-/Watch Dev/-) were revised to developing from negative based on a new offer to purchase the company from Black Hills Corp. (BHC; BBB-/Negative/-) and the continuation of Montana Public Power Inc.'s (MPPI) offer to acquire NorthWestern. The ratings were originally placed on CreditWatch on July 1, 2005. In Standard & Poor's view, the existence of two offers, and perhaps others, increases the likelihood that NorthWestern will be sold. However, given the limited information on either of the offers, uncertainty remains about NorthWestern's future credit ratings, which could be raised, lowered, or stay the same. BHC's offer to buy NorthWestern for either all stock or stock plus cash could be positive for NorthWestern's credit quality and could lead to an upgrade. Standard & Poor's continues to consider MPPI's all-debt-financed acquisition proposal negative. However, there is some possibility that ratings could remain the same or be raised. The CreditWatch listing will be resolved when the board of directors and the shareholders decide to accept one of the bids, or when they reject both offers. It is unclear what the timetable for resolution will be, given litigation filed by existing shareholders and the possibility of a shareholder proxy contest. If an offer is accepted, Standard & Poor's will assess the creditworthiness of the combined entity. If all offers are rejected, the ratings may be affirmed with a positive outlook, assuming NorthWestern's financials improve as expected.

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#### Fourth-Quarter CreditWatch Removals/Ratings Affirmations

The ratings on Boardwalk Pipeline Partners L.P. (BBB+/Negative/-) and its subsidiaries were affirmed and removed from CreditWatch with negative implications, where they were placed on Aug. 18, 2005, in response to the company's transformation of its legal structure to an MLP. The negative outlook reflects the risk of an aggressive acquisition and growth strategy, as well as the corresponding demands on liquidity, which is generally associated with an MLP structure. A ratings downgrade would be likely if such a growth strategy is implemented. A track record of prudent growth will be needed for an outlook revision to stable.

The ratings on Kinder Morgan Inc. (KMI; BBB-/Negative/A-2) and its MLP, Kinder Morgan Energy Partners L.P. (KMP; BBB+/Negative/A-2), were affirmed and removed from CreditWatch following the completion of KMI's purchase of Vancouver, B.C.-based Terasen Inc. KMP's added debt burden from the Terasen purchase is somewhat offset by the addition of low-risk, regulated gas distribution utility and petroleum pipeline assets to its portfolio. KMP's ratings are, in Standard & Poor's view, tied to those of KMI, and thus were also affirmed. KMI is financing the transaction mostly with debt, weakening its balance sheet and debt protection measures. Standard & Poor's expects the higher financial risk to remain for several years as KMI pursues growth initiatives connected to the Terasen pipeline assets.

The negative outlook on KMI reflects the challenges that the company faces as it works to integrate the Terasen assets and business operations into its corporate culture and



systems at a time when its financial position is stretched. In particular, KMI has limited experience in Canada and in managing a large, closely regulated utility like Terasen. Any operational problems or other indications that the Terasen purchase is stressing KMI's managerial capabilities could lead to a downgrade. Upside rating action is unlikely given the business and financial burdens on KMI after the Terasen transaction. The negative outlook on KMP is due to the strong connection to the credit quality of KMI and the continued possibility that the ratings of the two closely related companies will eventually equalize. The corporate credit rating on midstream energy company MarkWest Energy Partners L.P. (MWE; B+/Negative/-) was affirmed and removed from CreditWatch with negative implications. However, the rating on its senior unsecured debt was lowered to 'B-' from 'B+', reflecting the company's significant use of its \$500 million secured credit facilities for the acquisition of the Javelina gas processing and fractionation facility in Corpus Christi, Texas, and the related subordination of unsecured debtholders. The affirmation of the corporate credit rating is premised on MWE's ability to execute its financing plan and restore leverage to below 50% in a timely manner. The negative outlook reflects the execution risk of implementing each step of its proposed financing plan. This concern is heightened by previous delays in MWE's SEC Form 2004 10-K and 2005 10-Q filings, which have rendered the company unable to issue equity through an S-3 registration statement until October 2006. MWE must therefore rely on filing an S-1 registration statement, which it cannot do until it finishes filing its 2005 Form 10-K in March 2006. MWE continues to have material weaknesses in internal controls, and general partner MarkWest Hydrocarbon Inc. has not yet filed 2005 Forms 10-Q. Furthermore, the company recently changed auditors, which could cause additional delays.

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CA-IR-21

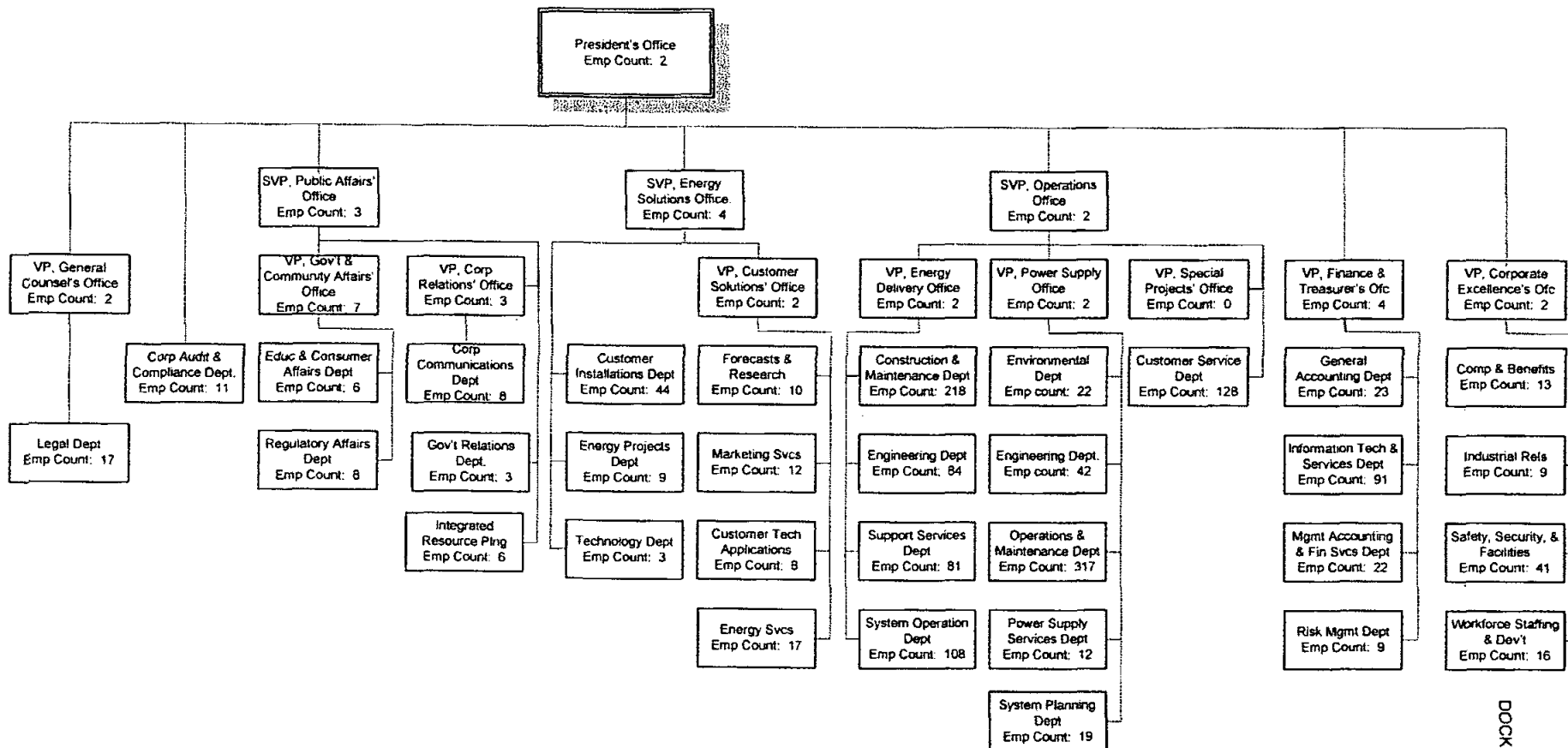
Please provide a complete copy of the most current available HECO management organization chart, illustrating reporting relationships among management personnel, departmental organizations and relative staffing levels within each department.

HECO Response:

See the attached management organization charts, which are current as of 3/31/07, beginning on page 2 of this response. These charts reflect organizational changes that have occurred since the Company filed its application in the instant proceeding.

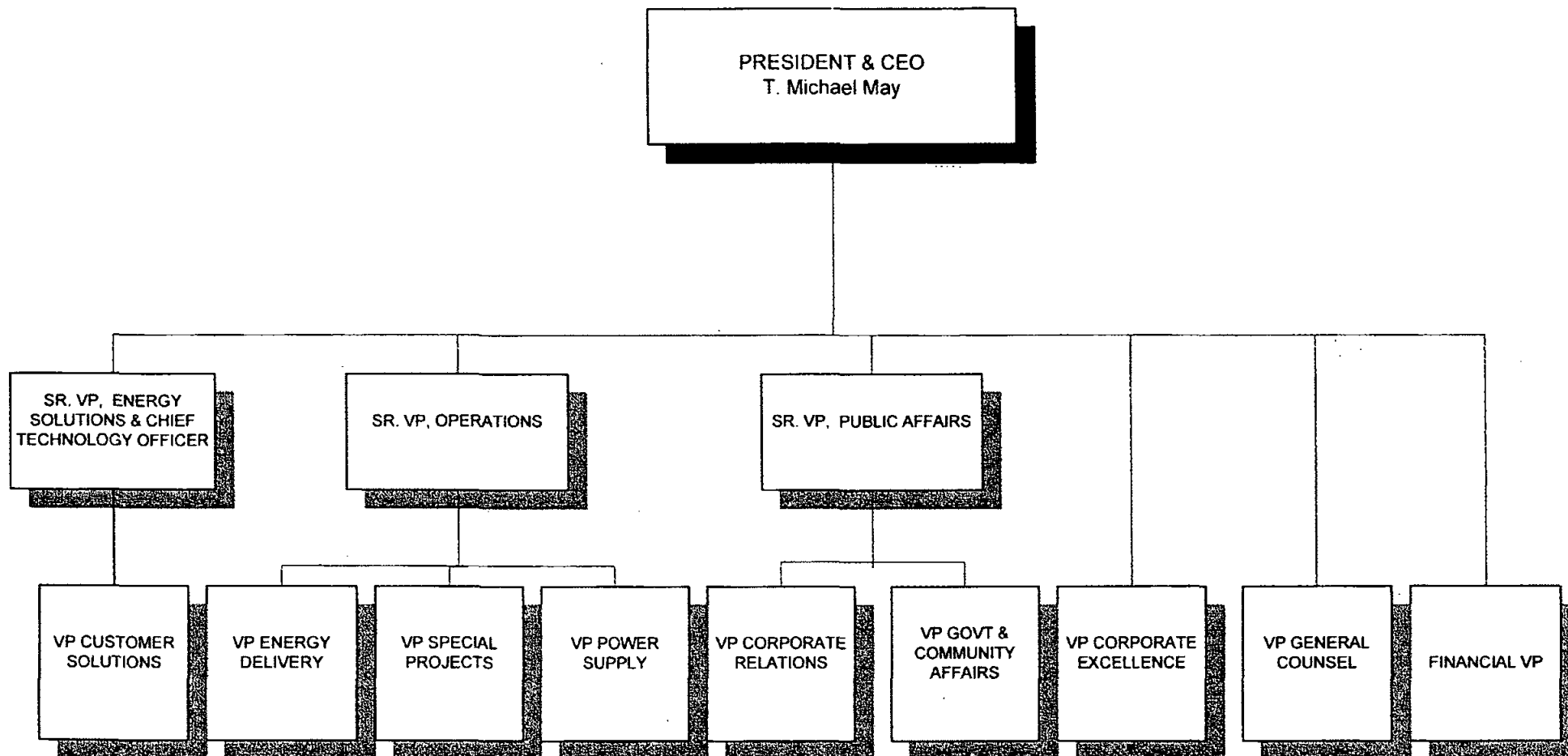


HAWAIIAN ELECTRIC COMPANY, INC.  
Actual employee count as of 3/31/07





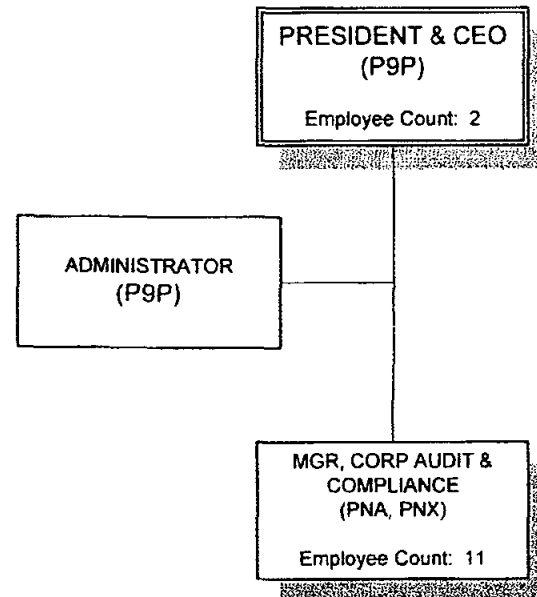
# HAWAIIAN ELECTRIC COMPANY, INC.



Note: See page 4 for reporting of Corporate Audit and Compliance Department

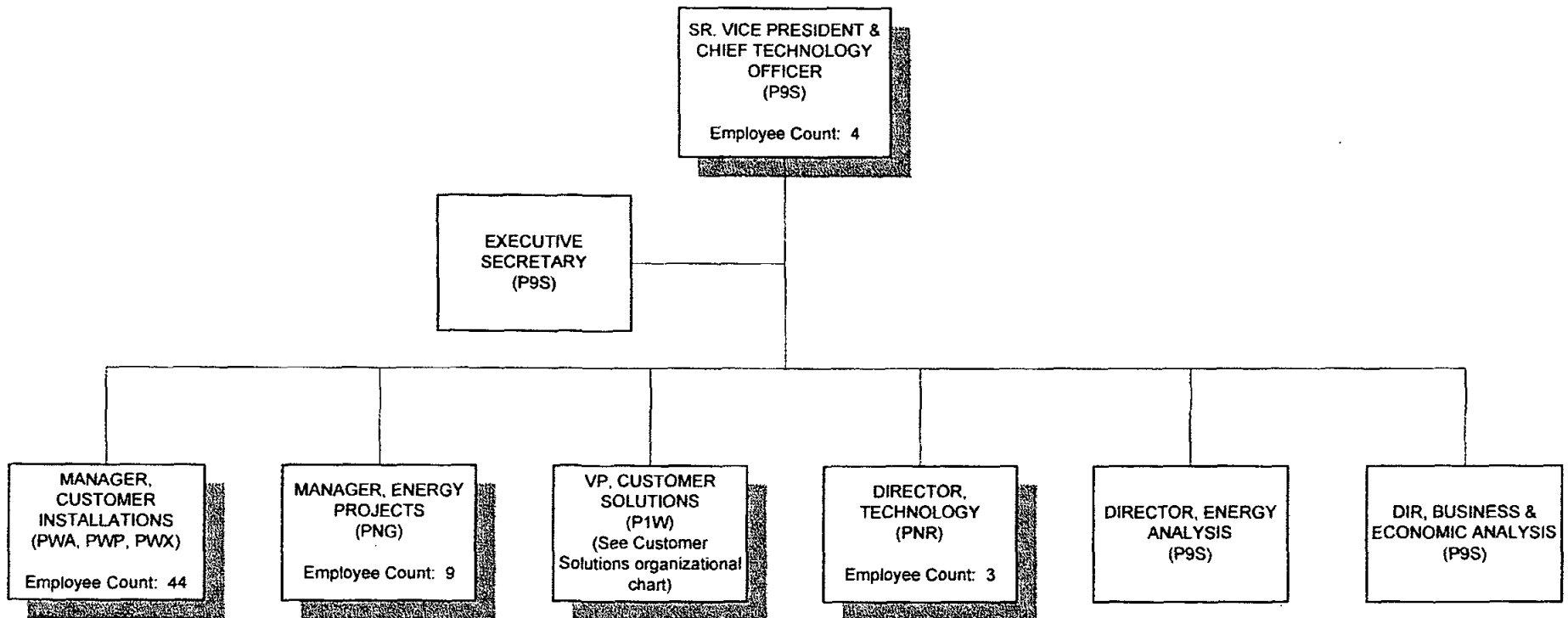


**PRESIDENT – HECO**  
Actual employee count as of 3/31/07



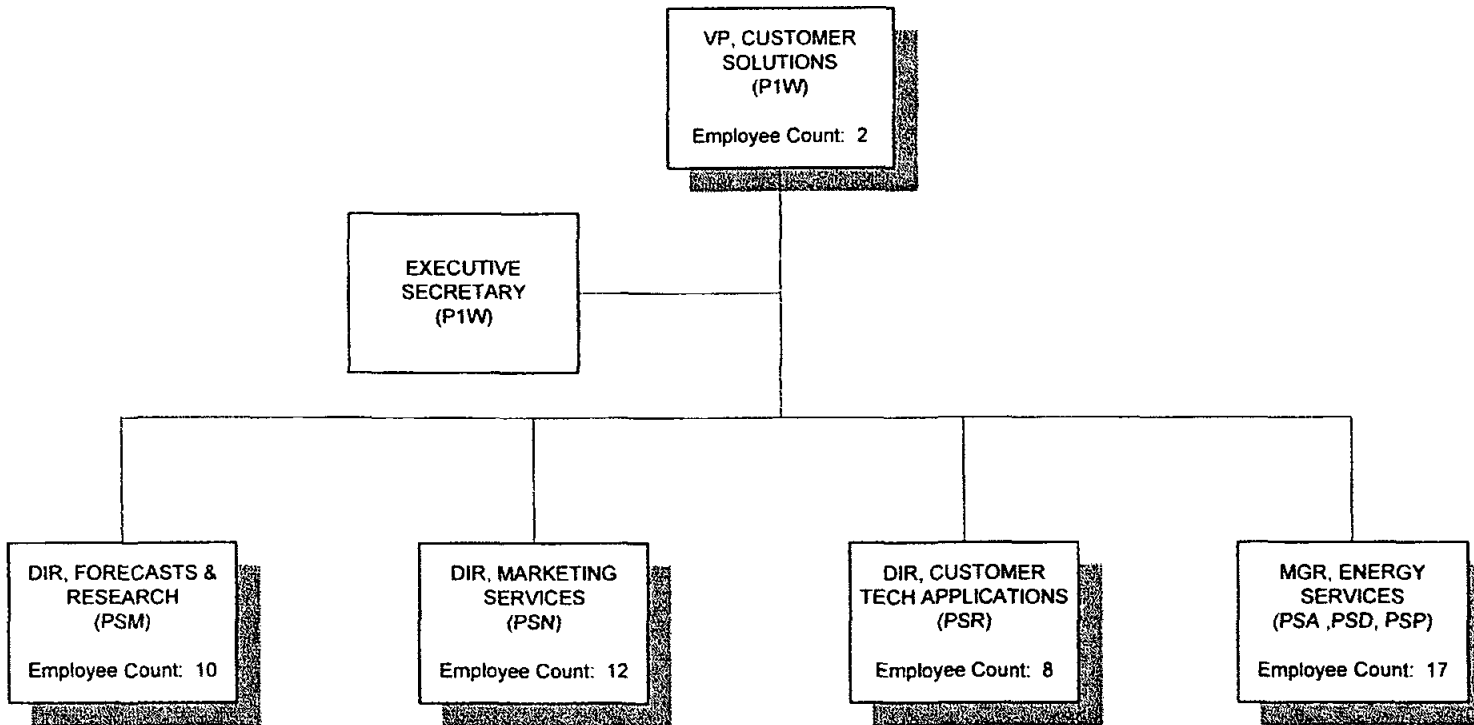


SR. VICE PRESIDENT ENERGY SOLUTIONS  
Actual employee count as of 3/31/07





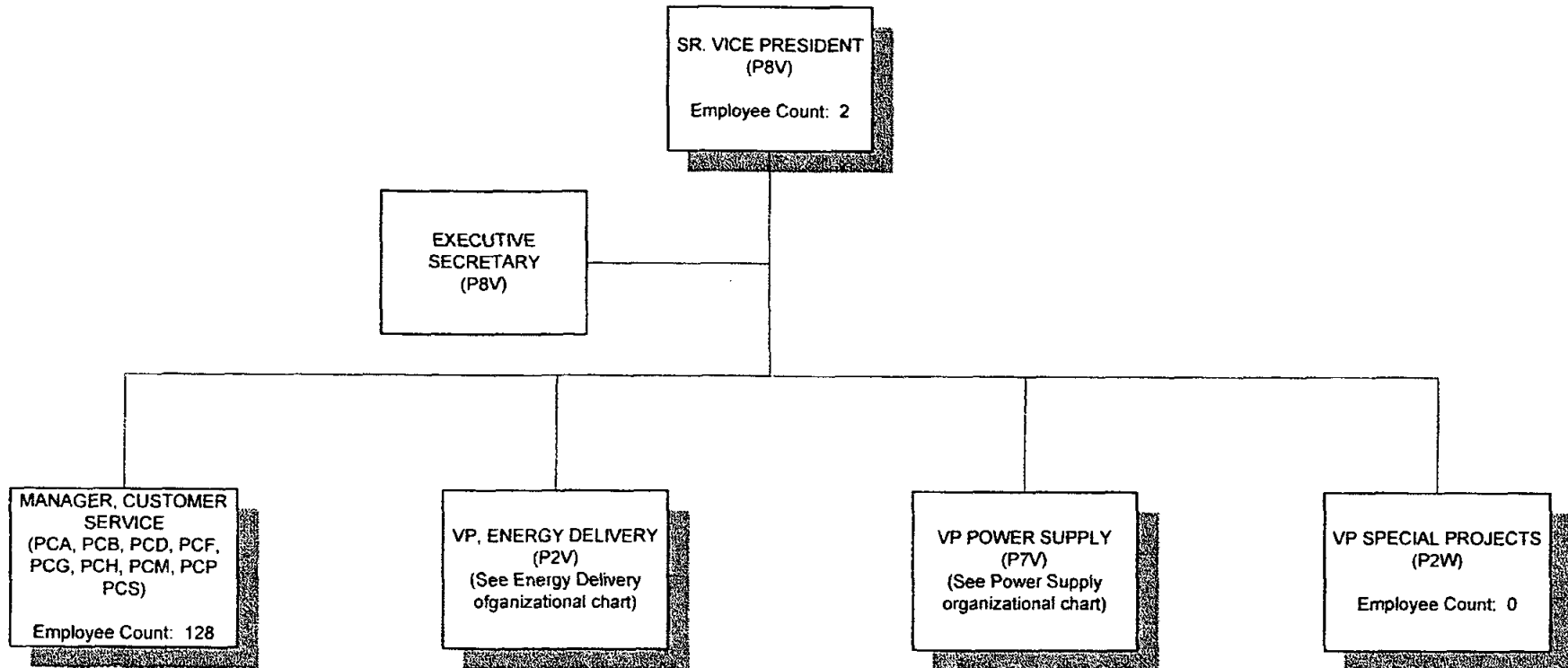
Customer Solutions  
Actual employee count as of 3/31/07





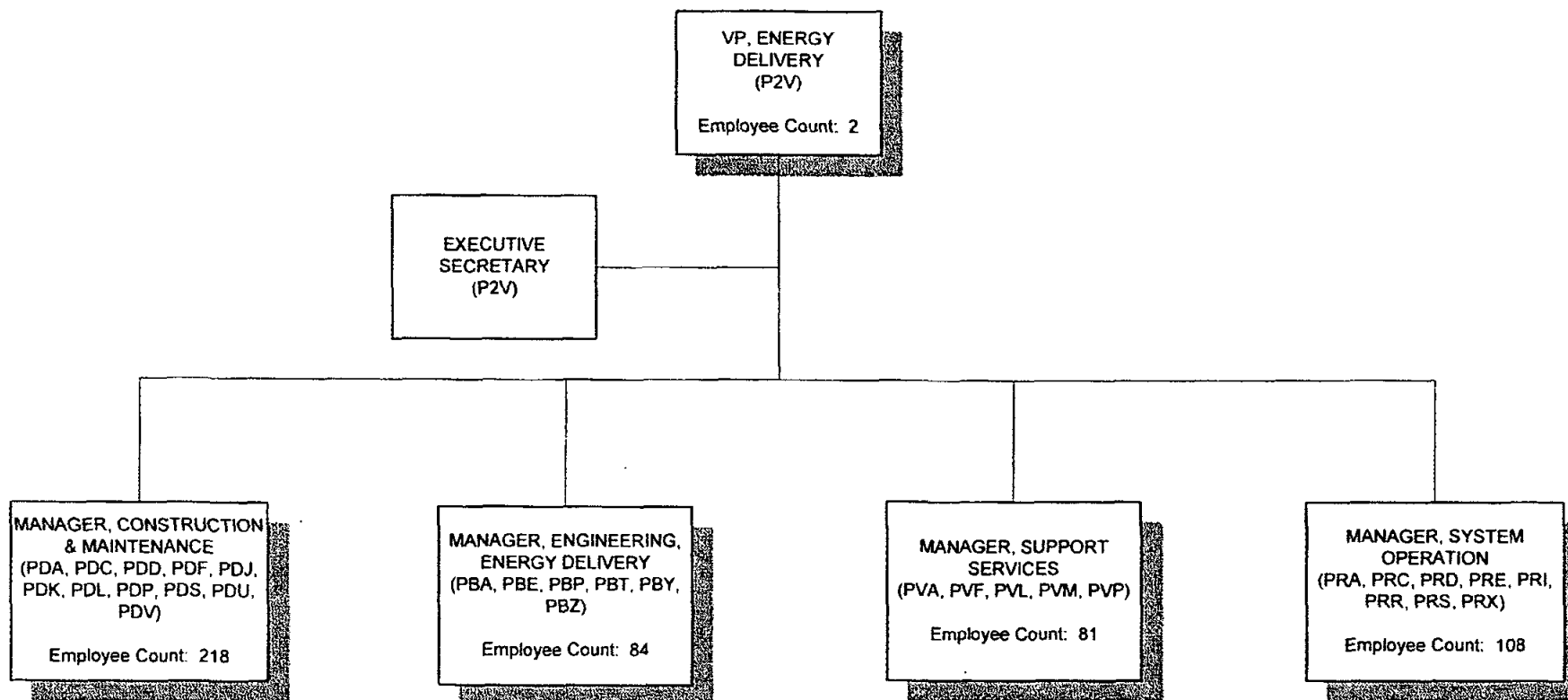
## SR. VICE PRESIDENT OPERATIONS

Actual employee count as of 3/31/07



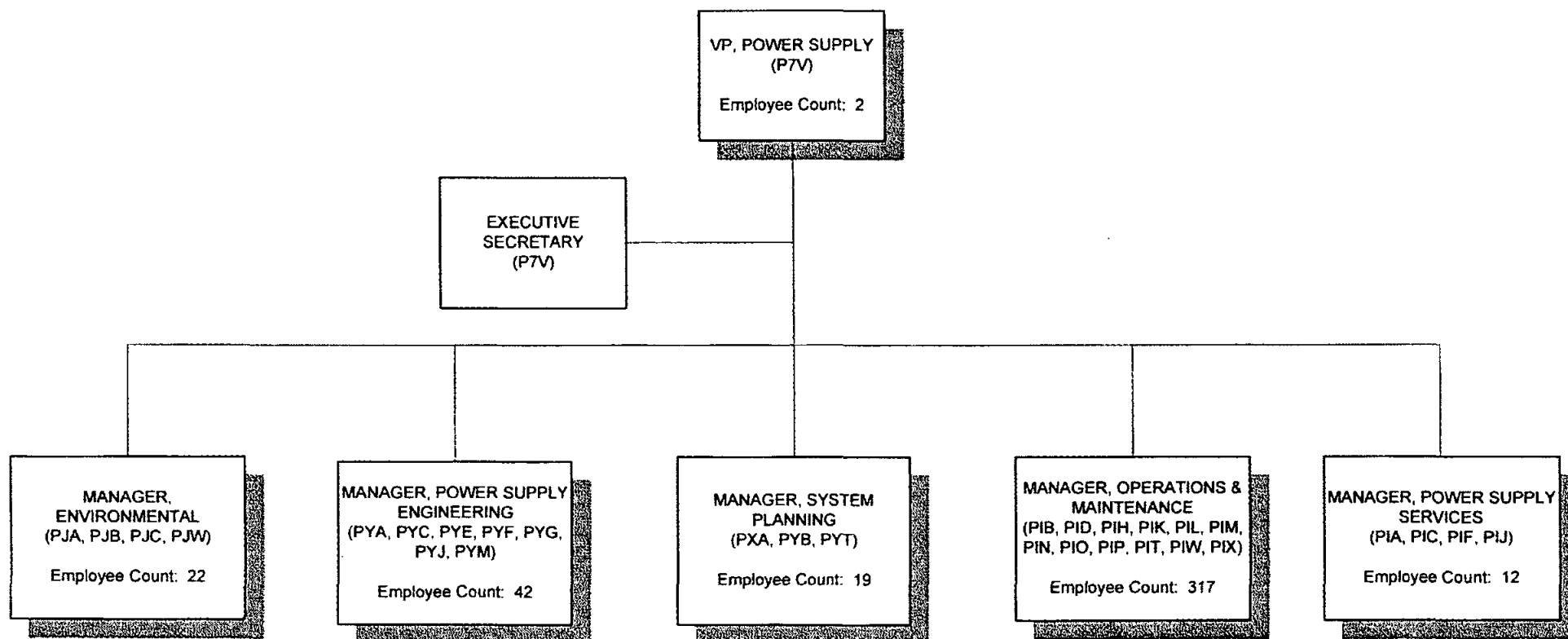


**ENERGY DELIVERY**  
Actual employee count as of 3/31/07





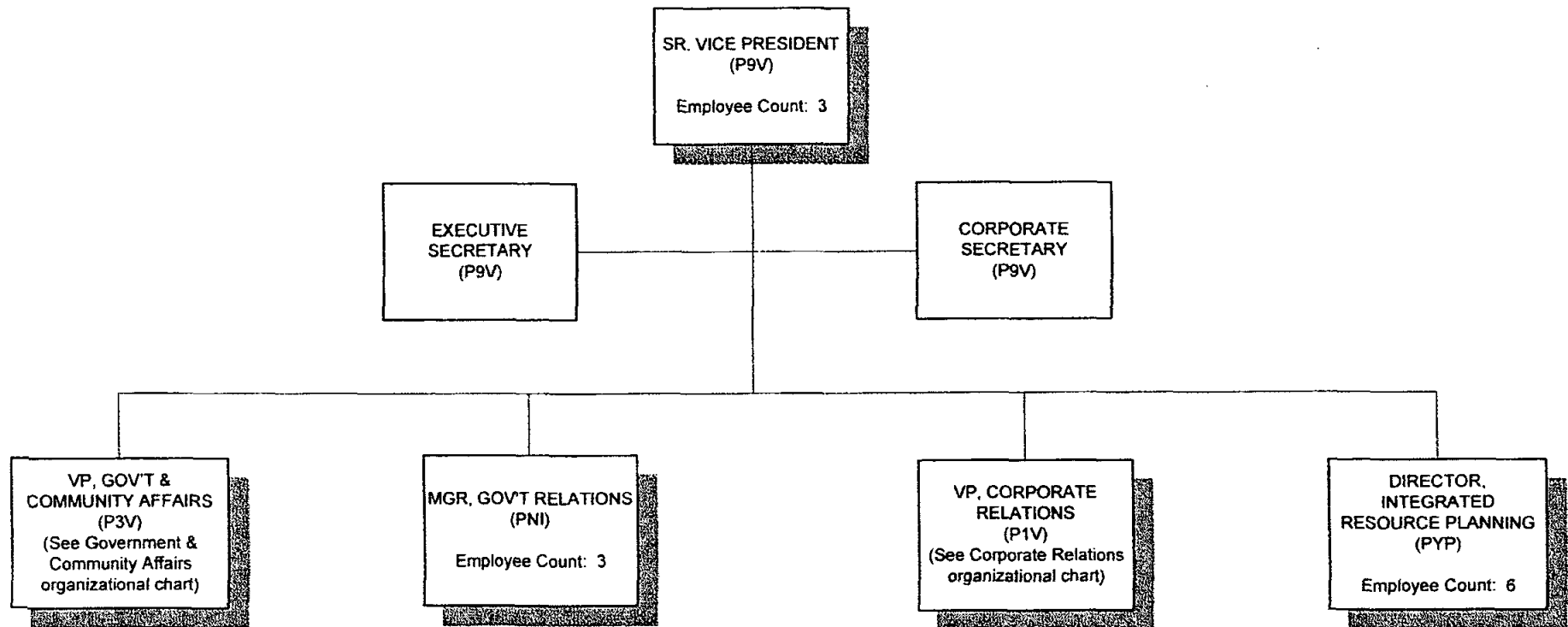
**POWER SUPPLY**  
Actual employee count as of 3/31/07





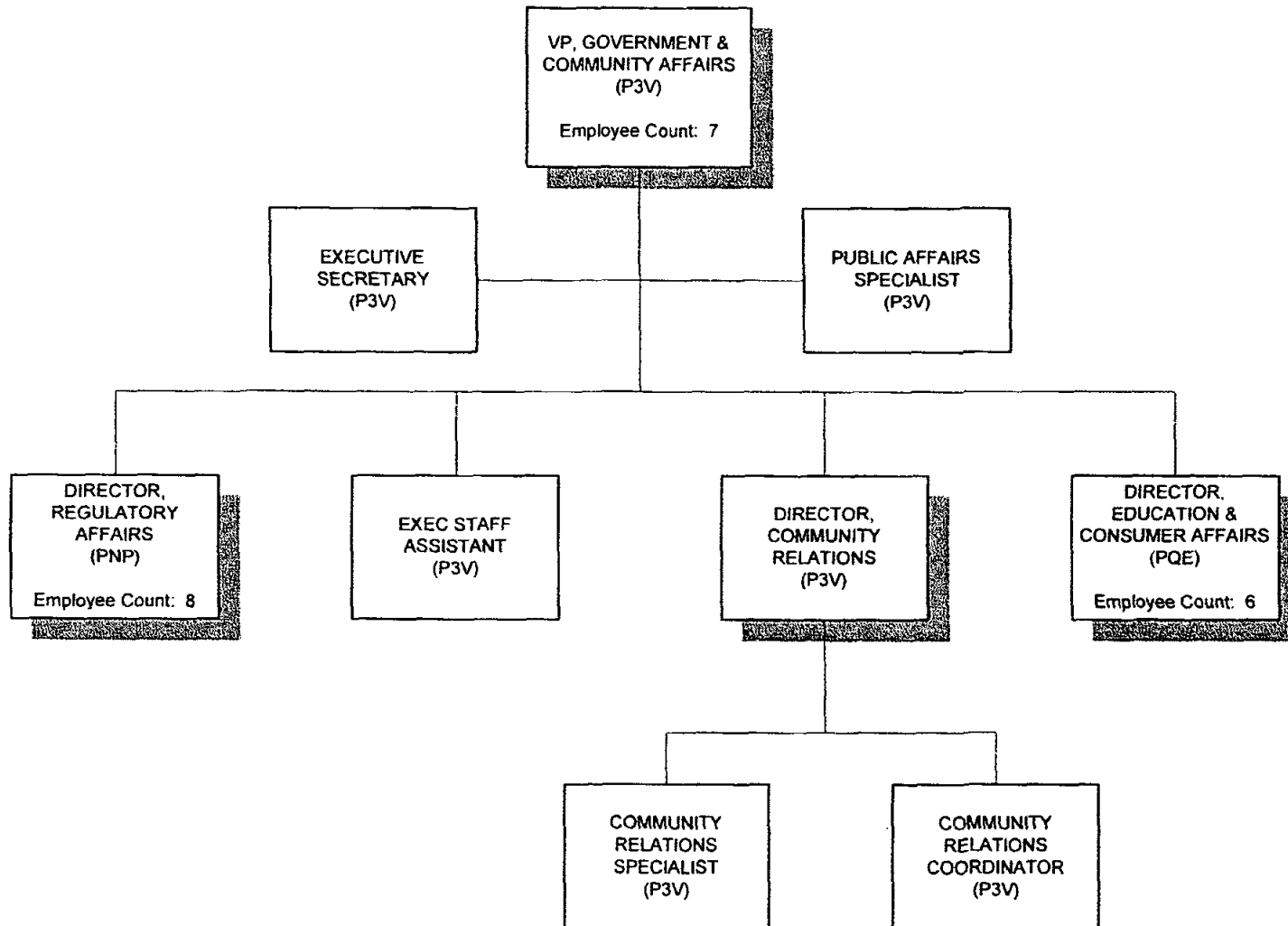
## SR. VICE PRESIDENT PUBLIC AFFAIRS

Actual employee count as of 3/31/07



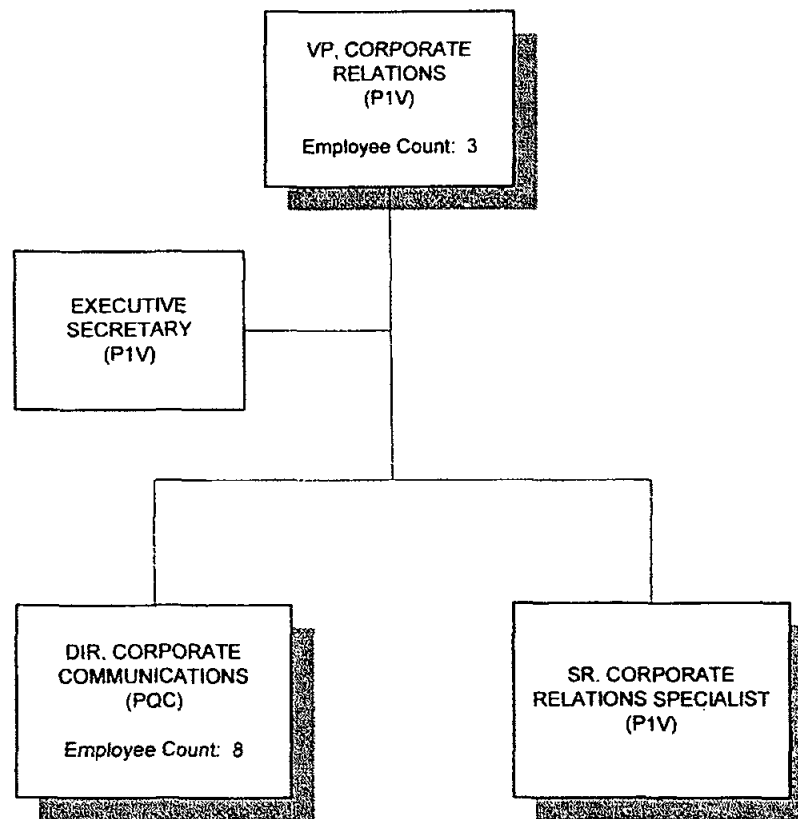


GOVERNMENT & COMMUNITY AFFAIRS  
Actual employee count as of 3/31/07





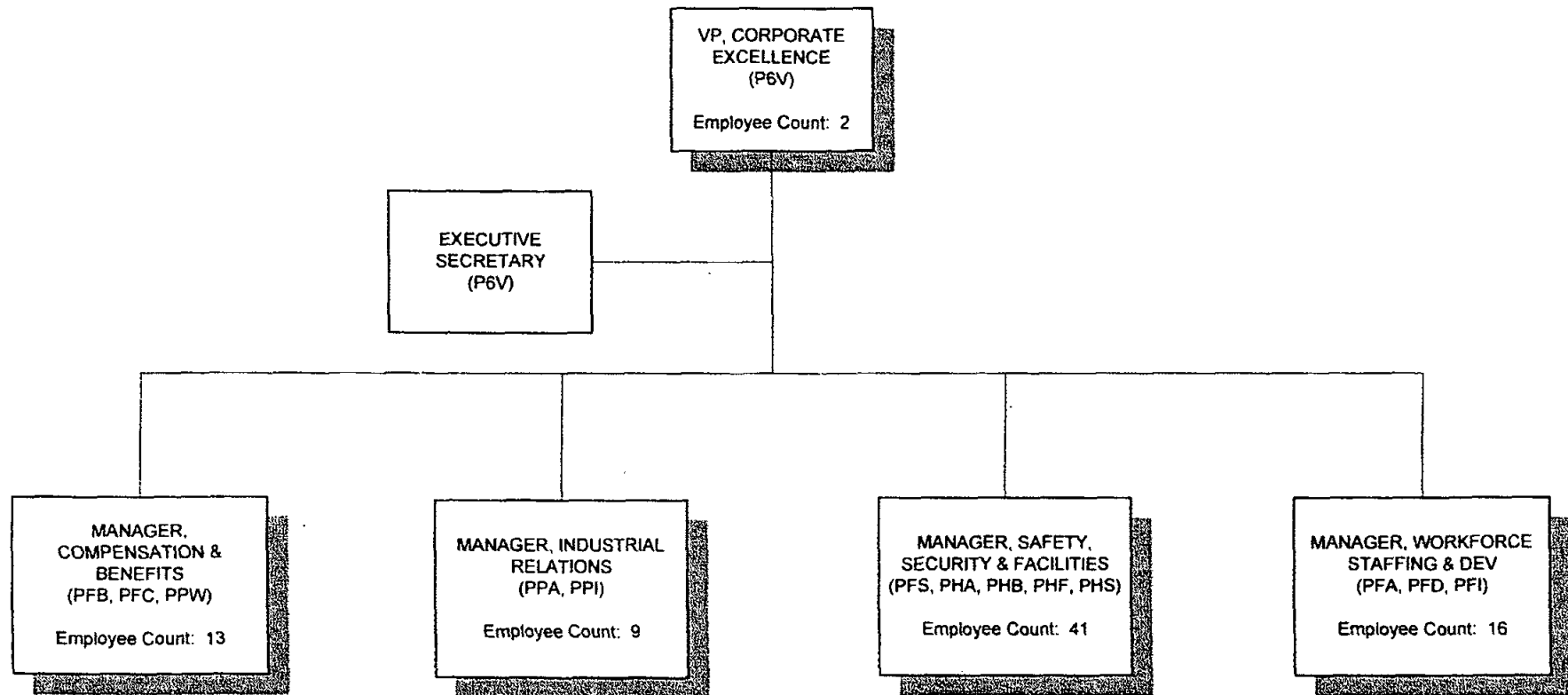
**CORPORATE RELATIONS**  
Actual employee count as of 3/31/07





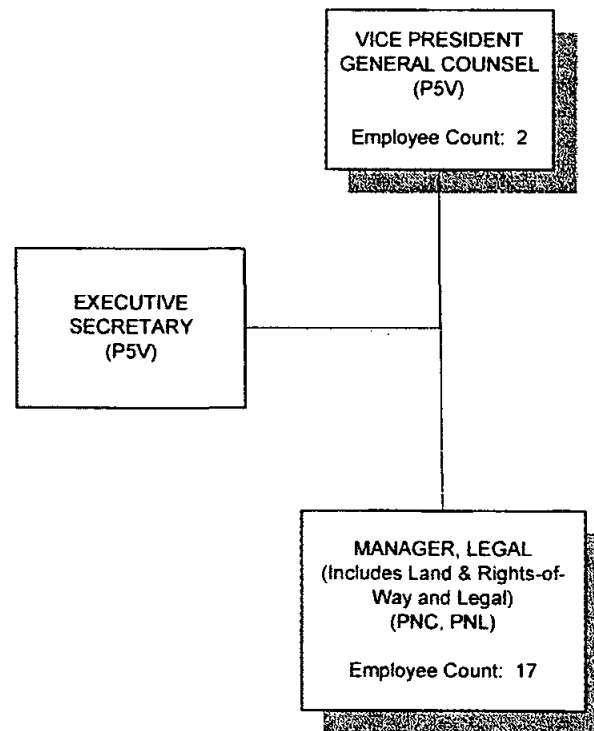
# CORPORATE EXCELLENCE

Actual employee count as of 3/31/07



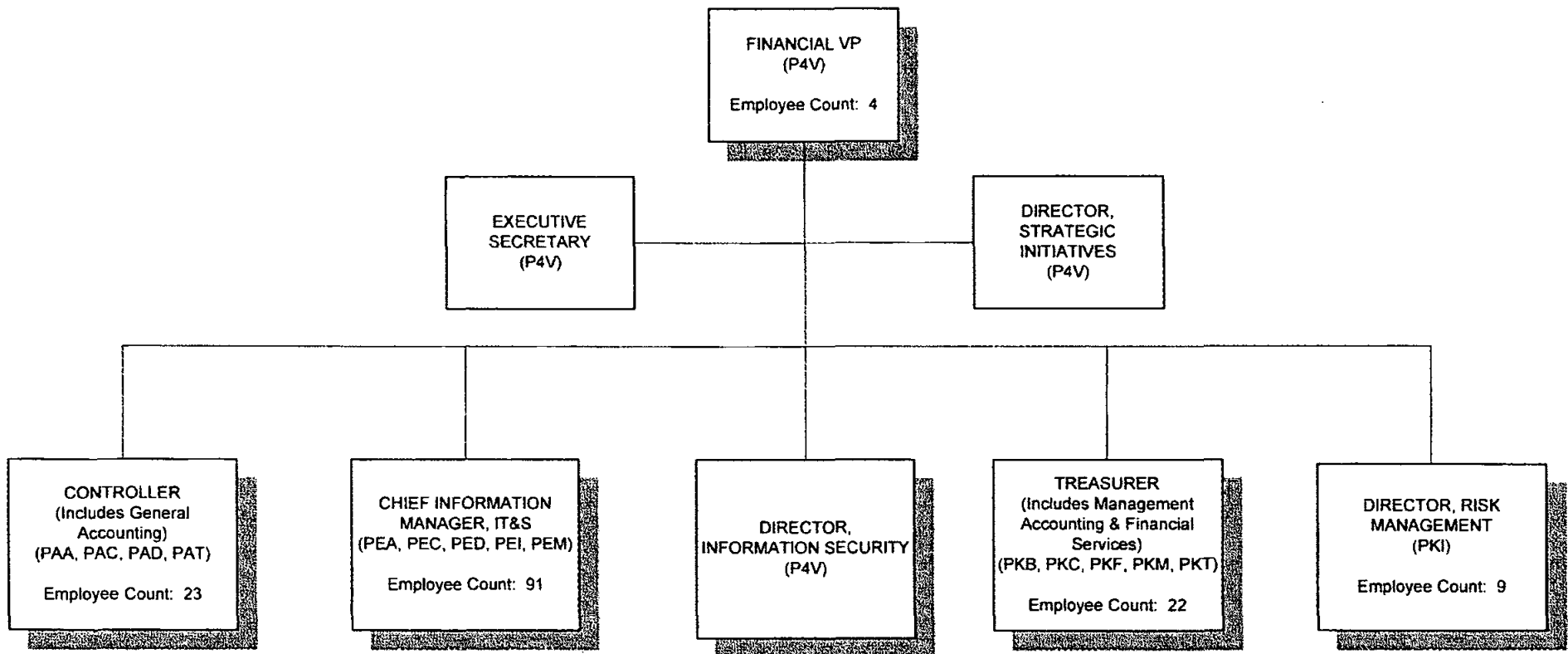


**GENERAL COUNSEL**  
Actual employee count as of 3/31/07





**FINANCE**  
Actual employee count as of 3/31/07





CA-IR-22

Please provide a complete copy of the most current available Hawaiian Electric Industries ("HEI") management organization chart, illustrating reporting relationships among management personnel, departmental organizations and relative staffing levels within each department, with an explanation of which departments are supportive of HECO operations and the services/activities provided.

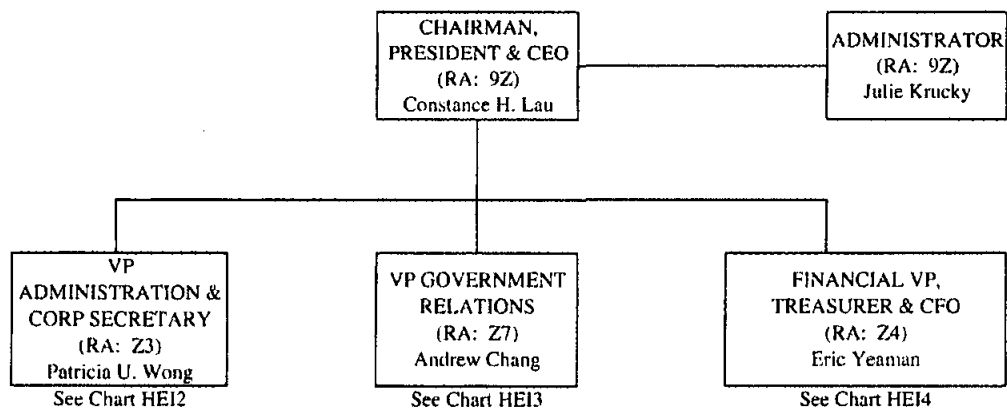
HECO Response:

See pages 2 to 8 of this response for HEI's management organization charts as of March 31, 2007 with the relative staffing levels within each department. For the list of HEI departments that are supportive of HECO operations and the service/activities provided, see pages 9 to 11 of this response.



# HAWAIIAN ELECTRIC INDUSTRIES, INC.

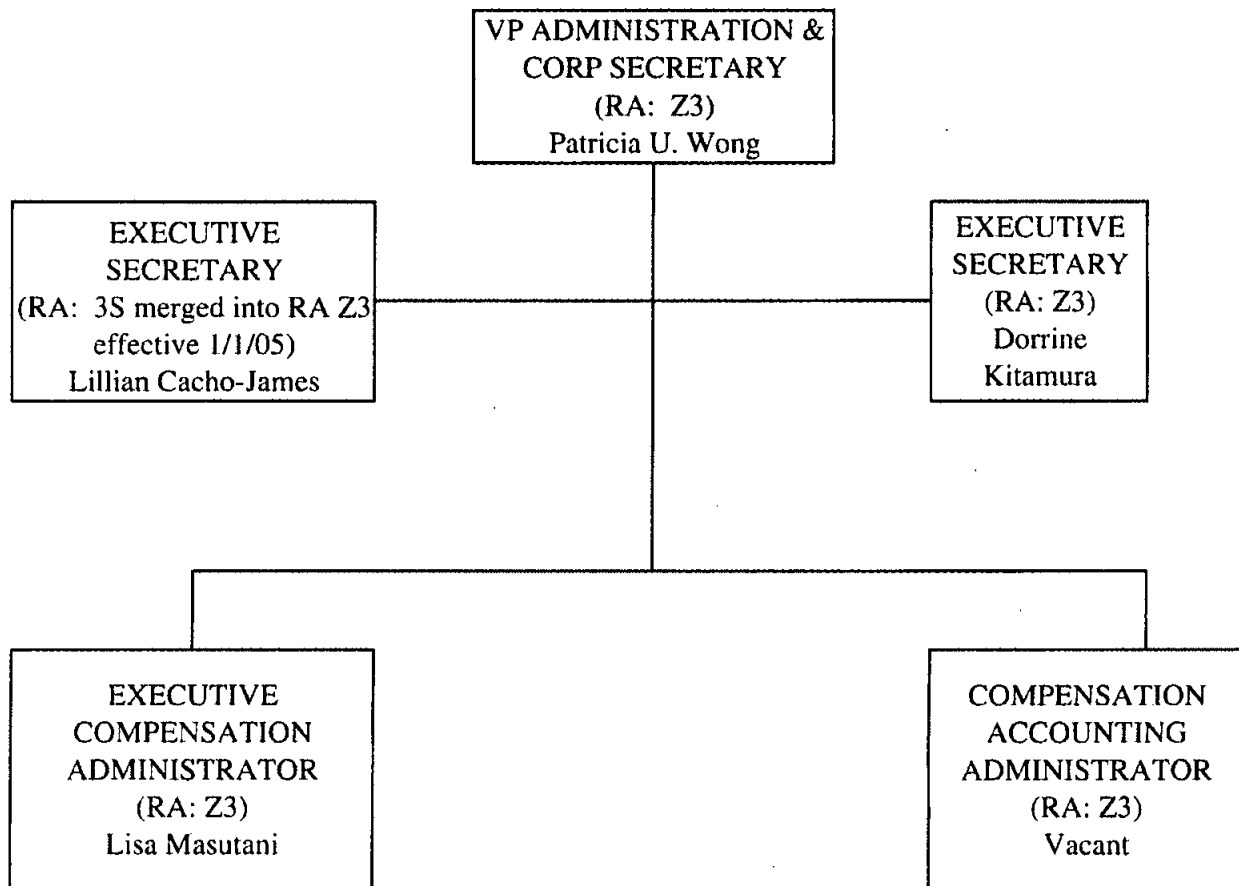
RA 9Z (2 employees) other RAs shown on Charts HEI2 through HEI4





# ADMINISTRATION

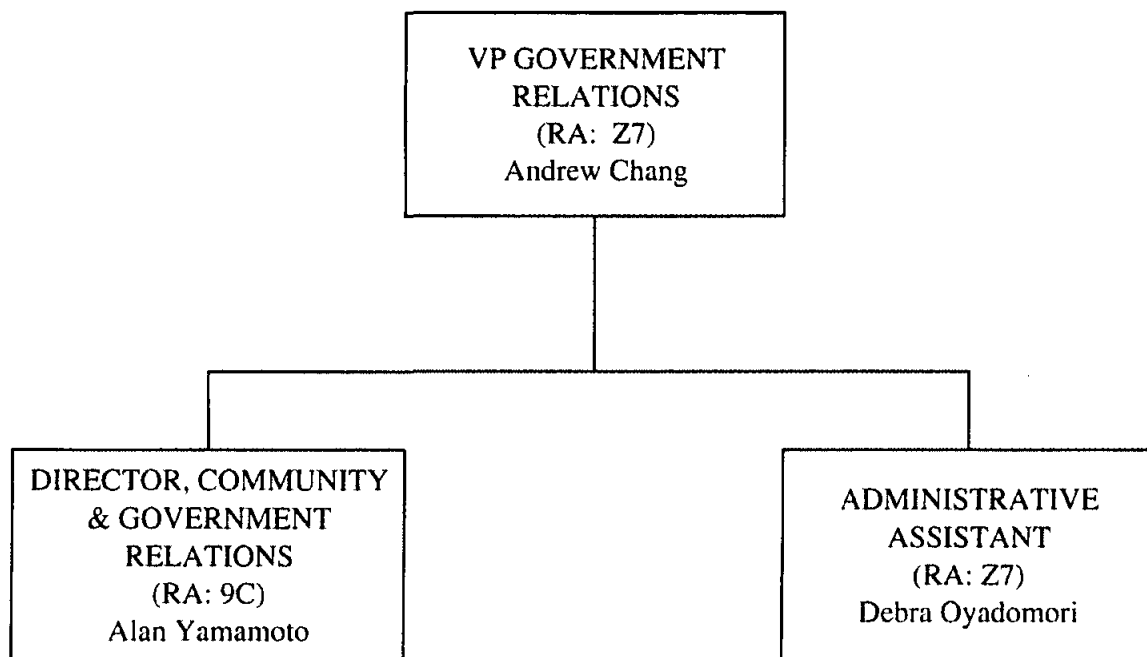
RA Z3: 5 employees





# GOVERNMENT & COMMUNITY RELATIONS

RA: Z7 (3 employees)





## FINANCE

RAs Z4 (2 employees), 4C (shown on Chart HEI4a), 4P (7 employees), TI (shown on Chart HEI4b), 4R (1 employee), Z6 (shown on Chart HEI4c)

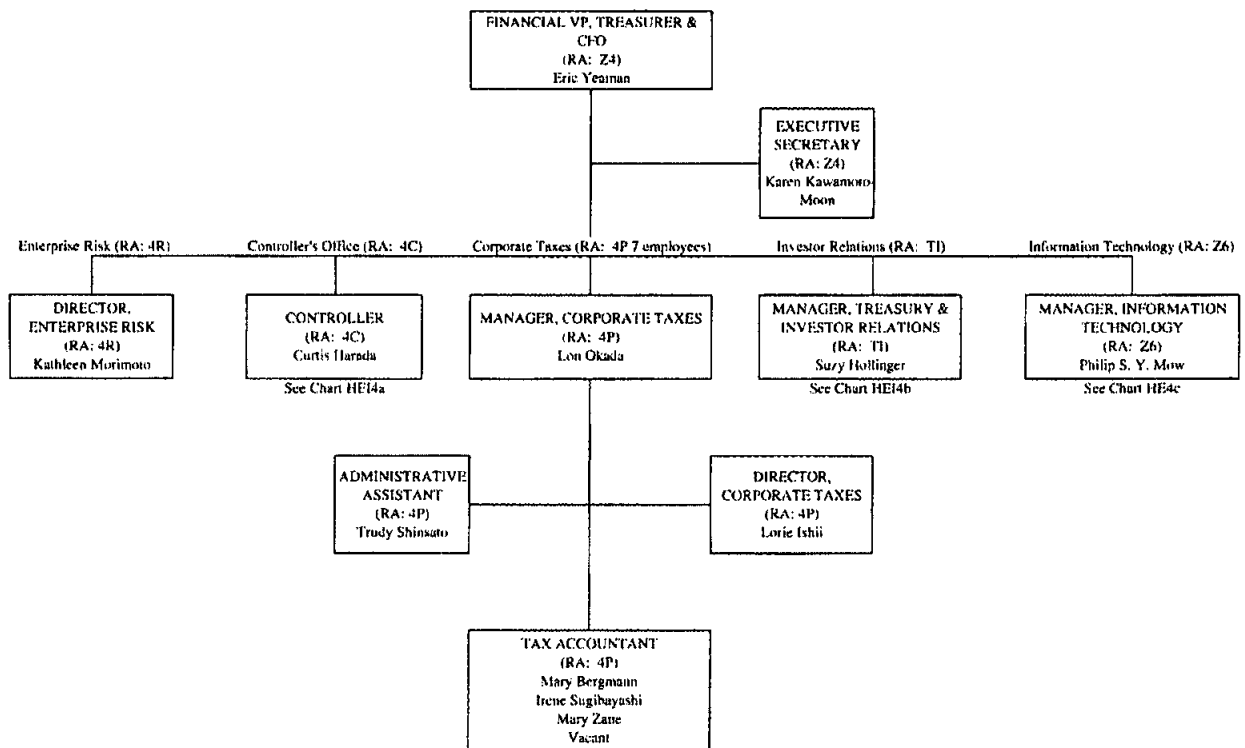


Chart HEI4



# CONTROLLER'S OFFICE

RA 4C: 7 employees

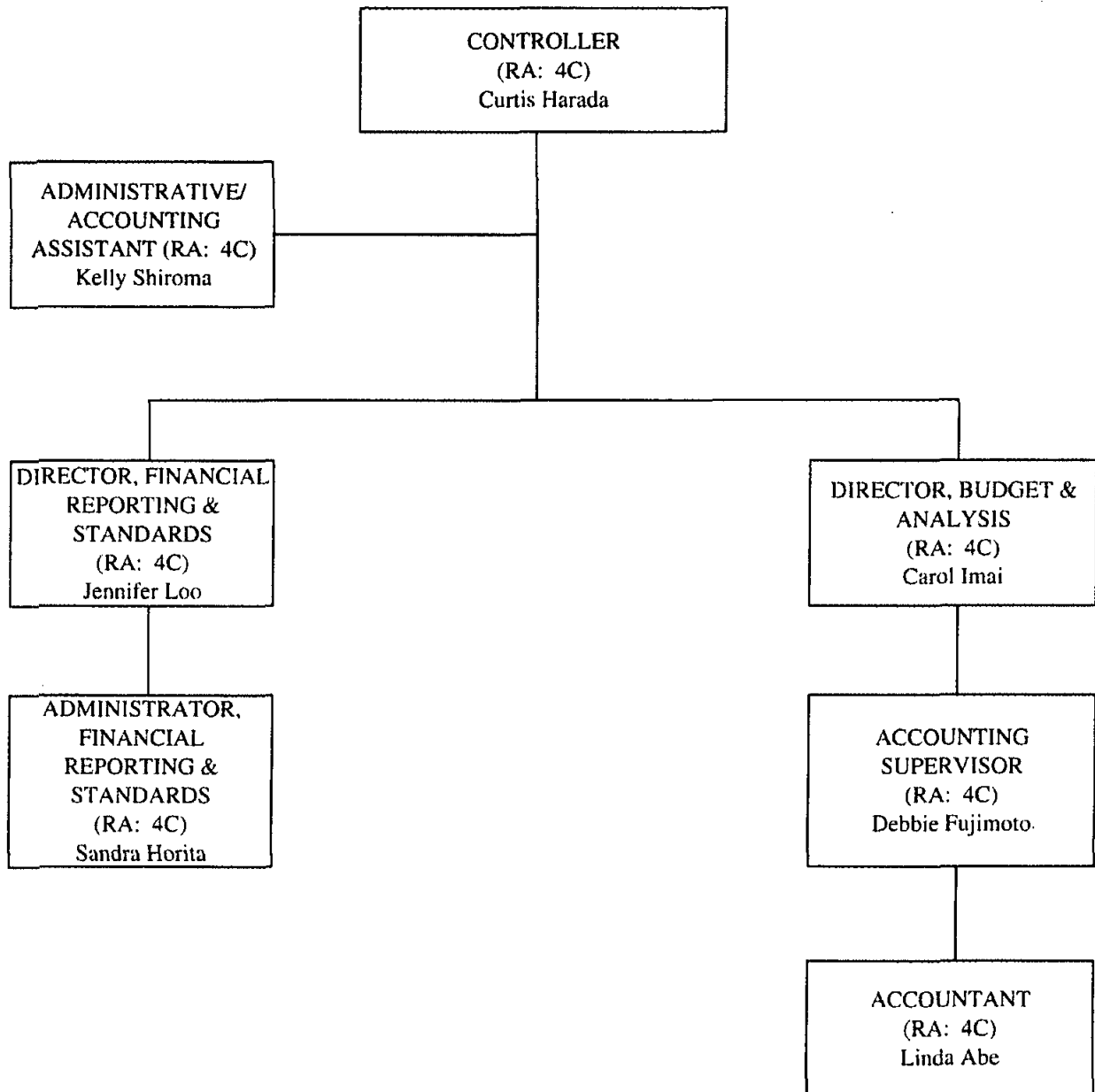
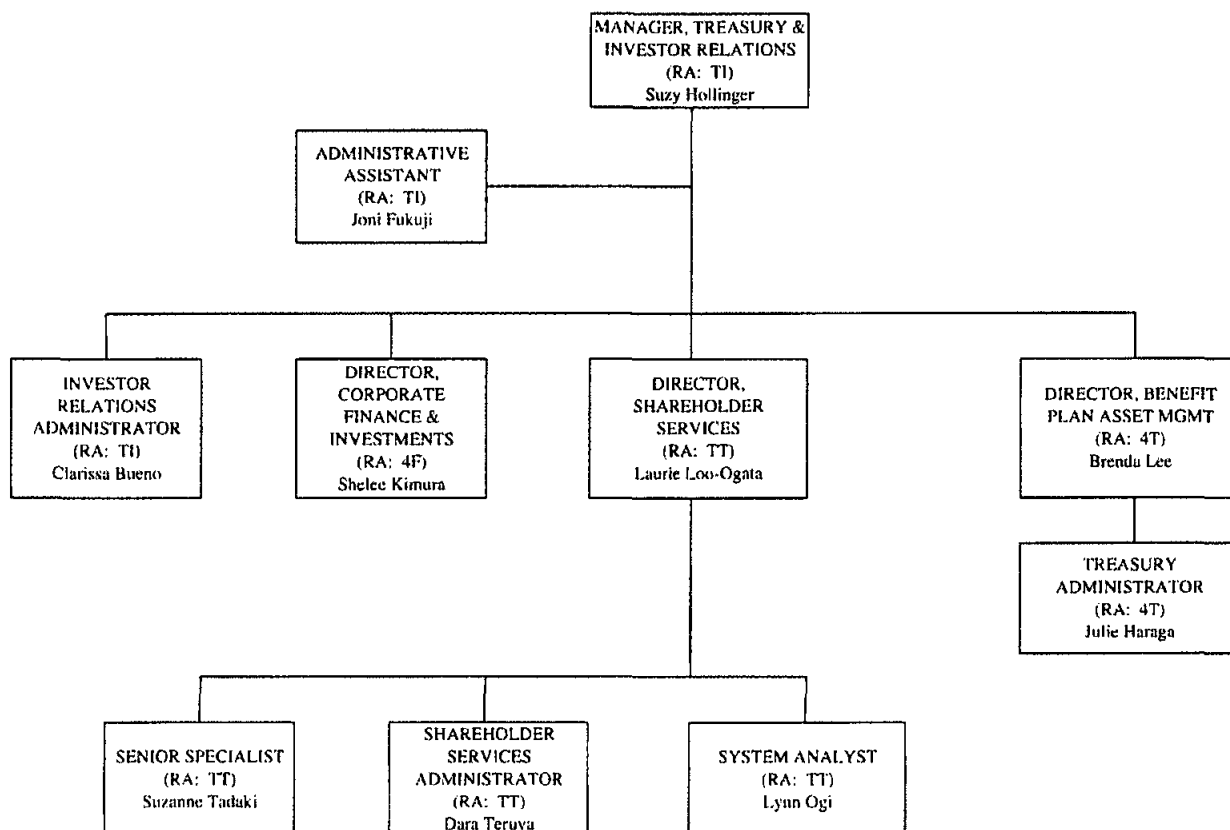


Chart HEI4a



## INVESTOR RELATIONS

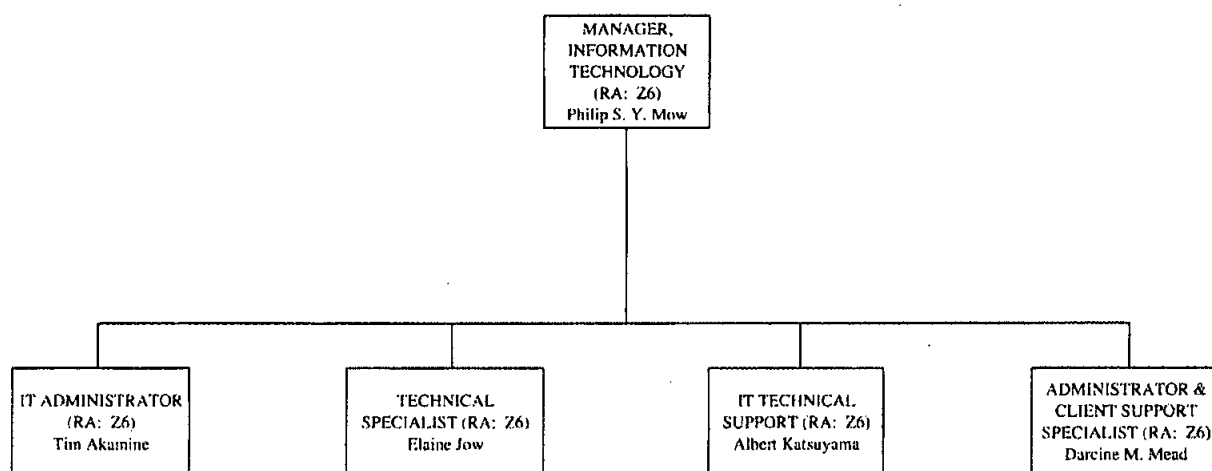
RA s TI (3 employees), 4F (1 employee), TT (4 employees) and 4T (2 employees)





## INFORMATION TECHNOLOGY

RA Z6: 5 employees





## HEI CHARGES TO HECO

| Activity code | ACTIVITY CODE DESCRIPTIONS                         | HEI Employees that support HECO operations and the activities provided  |
|---------------|--|---|
| <b>ACC</b>    | <b>Accounting</b>                                  | Finance employees and the HEI President who is also HECO's Chairman of the Board  |
| ACC 001       | Research accounting issues                         |   |
| ACC 004       | Maintain general ledger                            |   |
| ACC 008       | Analyze financial results                          |   |
| ACC 009       | Monitor accounting and reporting standards         |   |
| ACC 011       | Preparation of audit workpapers                    |   |
| ACC 018       | Intercompany billing administration                |   |
| <b>ADM</b>    | <b>Administrative</b>                              | Finance and Administration employees and the HEI President who is also HECO's Chairman of the Board   |
| ADM 006       | Assist on rate cases                               |   |
| ADM 007       | Corporate risk review                              |   |
| ADM 010       | Training rooms                                     |   |
| ADM 011       | Telephone charges                                  |   |
| ADM 012       | Rent - ASB Tower                                   |   |
| ADM 014       | Rent - Central Pacific                             |   |
| ADM 016       | Assist on HECO rate case                           |   |
| ADM 111       | Sarbanes-Oxley Section 404                         |   |
| ADM 112       | Sarbanes-Oxley Section 302                         |   |
| <b>ANN</b>    | <b>Annual meeting</b>                              | Finance and Administration employees, Administrator to the HEI President and the HEI President who is also HECO's Chairman of the Board                           |
| ANN 001       | Annual shareholder meeting planning & coordination |   |
| ANN 002       | Annual meeting facilities                          |   |
| <b>AUD</b>    | <b>Audits</b>                                      | HEI President who is also HECO's Chairman of the Board, Administration employees (records minutes of the joint HEI/HECO audit committee meeting) and Financial VP |
| AUD 004       | Audit Committee meeting preparation                |   |
| AUD 005       | Audit Committee meeting attendance                 |   |
| AUD 006       | Coordinate activities with external auditors       |   |
| AUD 010       | Audit expenses                                     |   |
| <b>BOD</b>    | <b>Board of Directors</b>                          | Administration and Finance employees and the HEI President who is also HECO's Chairman of the Board   |
| BOD 001       | Board of Directors meetings                        |   |
| BOD 002       | Attendance (presentations)                         |   |
| BOD 005       | Misc. board matters                                |   |
| <b>BUD</b>    | <b>Budgets</b>                                     | HEI President who is also HECO's Chairman of the Board  |
| BUD 002       | Attendance (presentations)                         |   |
| <b>CAS</b>    | <b>Cash Management</b>                             | Finance employees   |
| CAS 002       | Bank lines and relationships                       |   |
| CAS 006       | Cash disbursements (wire confirmations)            |   |
| <b>CON</b>    | <b>Consulting - general</b>                        | Finance employees and the HEI President who is also HECO's Chairman of the Board  |
| CON 002       | Meetings   |   |
| CON 004       | Other  |   |
| <b>FIN</b>    | <b>Financing</b>                                   | Finance employees   |
| FIN 001       | Debt financing due diligence                       |   |



## HEI CHARGES TO HECO

| Activity code | ACTIVITY CODE DESCRIPTIONS                                | HEI Employees that support HECO operations and the activities provided   |
|---------------|---|--|
| <b>HUM</b>    | <b>Human Resources</b>                                    | Administration & Finance employees and the HEI President who is also HECO's Chairman of the Board  |
| HUM 002       | Compensation consulting services                          |  |
| HUM 003       | Personnel issues  |  |
| HUM 008       | Code of Conduct development and administrative assistance |  |
| HUM 009       | Code of Conduct review                                    |  |
| HUM 010       | Compensation committee meetings                           |  |
| HUM 011       | Long-term incentive plan (LTIP)                           |  |
| HUM 012       | Executive incentive compensation plan (EICP)              |  |
| HUM 013       | Stock options with dividend equivalents                   |  |
| HUM 015       | Executives deferred compensation                          |  |
| HUM 017       | Executive incentive compensation consulting services      |  |
| HUM 018       | Other incentive compensation consulting services          |  |
| HUM 019       | Executive Compensation - Sarbanes Oxley Related Charges   |  |
| <b>INV</b>    | <b>Investor Relations</b>                                 | Finance employees (primarily from the Investor Relations area) and the HEI President's office (HEI President is also HECO's Chairman of the Board) |
| INV 001       | Analyst/media communications                              |  |
| INV 003       | Fact sheet  |  |
| INV 004       | Financial mailing list                                    |  |
| INV 005       | Financial news releases                                   |  |
| INV 006       | Group analyst meetings                                    |  |
| INV 007       | HEI stock - share forecast                                |  |
| INV 008       | Investor base/stockholder monitoring                      |  |
| INV 009       | Investor relations planning                               |  |
| INV 012       | One-on-one meetings/visits with analysts                  |  |
| INV 013       | Other investor relations activities                       |  |
| INV 015       | Retail/broker/shareholder communications                  |  |
| INV 018       | Statistical supplement                                    |  |
| INV 019       | Surveys   |  |
| INV 020       | Teleconferencing  |  |
| INV 022       | Investor Relations-Sarbanes Oxley Related Charges         |  |
| <b>PEN</b>    | <b>Pension plan</b>                                       | Finance and Administration employees and the HEI President's office (HEI President is also HECO's Chairman of the Board)                           |
| PEN 005       | HEIRS   |  |
| PEN 007       | HEI Retirement Plan                                       |  |
| PEN 009       | Master pension trust                                      |  |
| PEN 010       | Pension-Sarbanes Oxley Related Charges                    |  |
| PEN 022       | Supplemental Executive Retirement Plan                    |  |
| PEN 026       | OPEB funded plans/trusts                                  |  |
| PEN 028       | HECO OPEB Plan  |  |
| PEN 030       | HEI postretirement electric discount trust                |  |
| <b>RPT</b>    | <b>Reports</b>  | Finance and Administration employees and the HEI President's office (HEI President is also HECO's Chairman of the Board)                           |
| RPT 001       | 10K preparation   |  |
| RPT 004       | 10K - Sarbanes Oxley Related Charges                      |  |
| RPT 011       | 10Q preparation   |  |
| RPT 021       | 8K preparation  |  |
| RPT 028       | Controller's - 8K SOX testing                             |  |
| RPT 041       | Proxy preparation   |  |
| RPT 045       | Proxy printing and mailing                                |  |
| RPT 051       | Annual report preparation                                 |  |
| RPT 055       | Annual report printing and mailing                        |  |
| RPT 098       | Financial Reporting-Sarbanes Oxley Related Charges        |  |



## HEI CHARGES TO HECO

| Activity code    ACTIVITY CODE DESCRIPTIONS |  | HEI Employees that support HECO operations<br>and the activities provided            |
|---|--|--|
| <b>STO</b>                                  | <b>Stock Transfer activities</b>                       | Finance (primarily from the Investor Relations<br>area) and Administration employees |
| STO 001                                     | Preferred stock dividend payments                      |  |
| STO 003                                     | Form 1099 (for preferred stockholders)                 |  |
| STO 004                                     | Preferred stockholder database maintenance             |  |
| STO 006                                     | Preferred stock transfer administrative activities     |  |
| STO 011                                     | Common stock dividend payments                         |  |
| STO 012                                     | HEI dividend reinvestment program administration       |  |
| STO 013                                     | Form 1099 Dividends                                    |  |
| STO 014                                     | Common stockholder database maintenance                |  |
| STO 015                                     | Other common stock communications                      |  |
| STO 016                                     | Common stock transfer administrative activities        |  |
| STO 018                                     | Stock transfer system                                  |  |
| STO 019                                     | Stock transfer division expenses                       |  |
| STO 020                                     | Stock transfer division miscellaneous income           |  |
| STO 021                                     | Stock Transfer Division-Sarbanes Oxley Related Charges |  |
| <b>TAX</b>                                  | <b>Tax</b>   | Finance employees (primarily from the<br>Corporate Taxes area)                       |
| TAX 001                                     | Tax return preparation                                 |  |
| TAX 002                                     | Tax return review                                      |  |
| TAX 003                                     | Tax and financial planning                             |  |
| TAX 006                                     | Tax research   |  |
| TAX 007                                     | Tax accrual review                                     |  |
| TAX 008                                     | Tax compliance software implementation                 |  |
| TAX 009                                     | Assistance on the IRS/State examination                |  |
| TAX 010                                     | Information returns                                    |  |
| TAX 011                                     | IRS/Dept. of Taxation correspondence                   |  |
| TAX 012                                     | Estimated tax computation                              |  |
| TAX 013                                     | General excise tax returns                             |  |
| TAX 014                                     | Payroll tax withholding                                |  |
| TAX 017                                     | Other tax matters                                      |  |
| TAX 018                                     | Executive payroll issues                               |  |
| TAX 019                                     | Taxes-Sarbanes Oxley Related Charges                   |  |
| TAX 020                                     | Tax Depreciation                                       |  |



CA-IR-23

Please provide in hard copy and electronic media a complete table of HECO and HEI Departmental and Responsibility Area ("RA") reporting structure documentation, showing RA descriptions and indicating how each department/RA is aligned with the HECO and HEI organization charts provided in response to the preceding two information requests.

HECO Response:

For HECO, the requested information is provided on pages 2 through 4 of this response. For HEI, please refer to the HEI management organization charts provided in response to CA-IR-22, on pages 2 through 8. The RA and descriptions are noted on the management organizational charts.



HECO  
Listing of Responsibility Areas and Rollups

CA-IR-23  
Docket No. 2006-0386  
Page 2 of 4

| RA  | Resp Area               | Dept         | VP         | President |
|-----|-------------------------|--------------|------------|-----------|
| P1V | VP-Corp Relations       | VP-Corp Rel  | Corp Rel   | President |
| P1W | VP-Cust Solutions       | VP-Cust Sol  | Cust Sol   | President |
| P2V | VP-Energy Delivery      | VP-En Del    | En Del     | President |
| P3V | VP-Govt & Comm Affairs  | VP-Gov & Com | Govt&Comm  | President |
| P4V | Financial VP            | Financial VP | FinVP      | President |
| P5V | VP-Gen Counsel          | VPGen        | GenCounsel | President |
| P6V | VP-Corp Excellence      | VP-Corp Exc  | Corp Exc   | President |
| P7V | VP-Power Supply         | VP-Pwr Sup   | Pwr Sup    | President |
| P8M | Miscellaneous           | Misc         | Miscel     | President |
| P8V | Sr VP-Operations        | SVP-Oper     | Operations | President |
| P9P | President               | President    | Pres       | President |
| P9S | Sr VP-Energy Solutions  | SVP-EnSol    | EnSol      | President |
| P9V | Sr VP-Public Affairs    | SVP-Pub Aff  | PubAffairs | President |
| PAA | Admin-Gen Acctg         | Gen Acctg    | FinVP      | President |
| PAC | Corp Accounting         | Gen Acctg    | FinVP      | President |
| PAD | Cost Accounting         | Gen Acctg    | FinVP      | President |
| PAT | Property Accounting     | Gen Acctg    | FinVP      | President |
| PBA | Admin-ED Engr           | Engineering  | En Del     | President |
| PBE | T&D Engineering         | Engineering  | En Del     | President |
| PBP | Project Mgt Division    | Engineering  | En Del     | President |
| PBT | Structural              | Engineering  | En Del     | President |
| PBY | Substn, Protect & Tel   | Engineering  | En Del     | President |
| PBZ | T&D Technical Svcs      | Engineering  | En Del     | President |
| PCA | Admin-Cust Svc          | Cust Svc     | Operations | President |
| PCB | Cust Acctg & Bill       | Cust Svc     | Operations | President |
| PCD | Credit                  | Cust Svc     | Operations | President |
| PCF | Customer Field Services | Cust Svc     | Operations | President |
| PCG | Fid Svc & Collection    | Cust Svc     | Operations | President |
| PCH | Customer Assist Ctr     | Cust Svc     | Operations | President |
| PCM | Meter Reading           | Cust Svc     | Operations | President |
| PCP | Pmt Proc & Supp Ctr     | Cust Svc     | Operations | President |
| PCS | Customer Acct Svcs      | Cust Svc     | Operations | President |
| PDA | Admin-C&M               | C&M          | En Del     | President |
| PDC | Control Section         | C&M          | En Del     | President |
| PDD | Training Section        | C&M          | En Del     | President |
| PDF | Field Operation         | C&M          | En Del     | President |
| PDH | Customer Demand         | C&M          | En Del     | President |
| PDJ | West Overhead           | C&M          | En Del     | President |
| PDK | East Overhead-Koolau    | C&M          | En Del     | President |
| PDL | East Overhead-Ward      | C&M          | En Del     | President |
| PDP | Planning                | C&M          | En Del     | President |
| PDS | Operations              | C&M          | En Del     | President |
| PDU | Underground             | C&M          | En Del     | President |
| PDV | Vegetation Management   | C&M          | En Del     | President |
| PEA | Admin-Info Tech&Svcs    | InfoTech     | FinVP      | President |
| PEC | Customer Care           | InfoTech     | FinVP      | President |
| PED | Development Svcs        | InfoTech     | FinVP      | President |



HECO  
Listing of Responsibility Areas and Rollups

CA-IR-23  
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Page 3 of 4

| RA  | Resp Area             | Dept        | VP         | President |
|-----|-----------------------|-------------|------------|-----------|
| PEI | Infrastruct & Oper    | InfoTech    | FinVP      | President |
| PEM | Mailing Services      | InfoTech    | FinVP      | President |
| PEP | Project & Bus Mgt     | InfoTech    | FinVP      | President |
| PEZ | ISD Chargeback        | InfoTech    | FinVP      | President |
| PFA | Admin-WFS & Dev       | WFSD        | Corp Exc   | President |
| PFB | Employee Benefits     | Comp & Ben  | Corp Exc   | President |
| PFC | Compensation          | Comp & Ben  | Corp Exc   | President |
| PFD | Client Svcs & Consult | WFSD        | Corp Exc   | President |
| PFI | Org Development       | WFSD        | Corp Exc   | President |
| PFS | Corporate Safety      | SSF         | Corp Exc   | President |
| PHA | Admin-Facilities      | SSF         | Corp Exc   | President |
| PHB | Facilities Operation  | SSF         | Corp Exc   | President |
| PHF | Facilities Planning   | SSF         | Corp Exc   | President |
| PHS | Security              | SSF         | Corp Exc   | President |
| PIA | Admin-PS Services     | PS Svcs     | Pwr Sup    | President |
| PIB | Admin-PS O&M          | PS O&M      | Pwr Sup    | President |
| PIC | Power Purchase        | PS Svcs     | Pwr Sup    | President |
| PID | PS Training           | PS O&M      | Pwr Sup    | President |
| PIF | Fuel Resources        | PS Svcs     | Pwr Sup    | President |
| PIH | Honolulu Stn Oper     | PS O&M      | Pwr Sup    | President |
| PIJ | Fuels Infrastructure  | PS O&M      | Pwr Sup    | President |
| PIK | Kahe Stn Oper         | PS O&M      | Pwr Sup    | President |
| PIL | Kahe Stn Maint        | PS O&M      | Pwr Sup    | President |
| PIM | Maintenance Admin     | PS O&M      | Pwr Sup    | President |
| PIN | Honolulu Stn Maint    | PS O&M      | Pwr Sup    | President |
| PIO | Operations Admin      | PS O&M      | Pwr Sup    | President |
| PIP | Plan & Engr           | PS O&M      | Pwr Sup    | President |
| PIT | Traveling Maintenance | PS O&M      | Pwr Sup    | President |
| PIW | Waiau Stn Oper        | PS O&M      | Pwr Sup    | President |
| PIX | Waiau Stn Maint       | PS O&M      | Pwr Sup    | President |
| PJA | Admin-Environ         | Environ     | Pwr Sup    | President |
| PJB | Air Quality & Noise   | Environ     | Pwr Sup    | President |
| PJC | Chemistry             | Environ     | Pwr Sup    | President |
| PJW | Water & Haz Mat       | Environ     | Pwr Sup    | President |
| PKB | Admin-MgtAcc FinSvc   | MAFS        | FinVP      | President |
| PKC | Budgets               | MAFS        | FinVP      | President |
| PKF | Financial Analysis    | MAFS        | FinVP      | President |
| PKI | Risk Management       | RiskMgt     | FinVP      | President |
| PKM | ERP Administration    | MAFS        | FinVP      | President |
| PKT | Treasury              | MAFS        | FinVP      | President |
| PNA | Internal Audit        | CorpAudComp | Pres       | President |
| PNC | Legal                 | Legal       | GenCounsel | President |
| PNG | EnergyProjects        | Engy Proj   | EnSol      | President |
| PNI | Government Relations  | Gov Rel     | PubAffairs | President |
| PNL | Land & Rights of Way  | Legal       | GenCounsel | President |
| PNP | Regulatory Affairs    | Reg Affairs | Govt&Comm  | President |
| PNR | Technology            | Tech        | EnSol      | President |
| PNX | Admin-Audit & Complnc | CorpAudComp | Pres       | President |
| PPA | Admin-Ind Rel         | Ind Rel     | Corp Exc   | President |
| PPI | Labor Rel & Wage Adm  | Ind Rel     | Corp Exc   | President |
| PPW | Disability Management | Comp & Ben  | Corp Exc   | President |
| PQC | Corp Communications   | Corp Comm   | Corp Rel   | President |



HECO  
Listing of Responsibility Areas and Rollups

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| RA  | Resp Area               | Dept          | VP         | President |
|-----|-------------------------|---------------|------------|-----------|
| PQE | Educ & Cons Affairs     | Ed & Cons Aff | Govt&Comm  | President |
| PRA | Admin-Sys Op            | Sys Op        | En Del     | President |
| PRC | Communications          | Sys Op        | En Del     | President |
| PRD | Operating Dispatch      | Sys Op        | En Del     | President |
| PRE | Operating Engineering   | Sys Op        | En Del     | President |
| PRI | Instrument & Control    | Sys Op        | En Del     | President |
| PRR | Relay                   | Sys Op        | En Del     | President |
| PRS | Substation              | Sys Op        | En Del     | President |
| PRX | Construction Mgt        | Sys Op        | En Del     | President |
| PSA | Admin-Engy Svcs         | Engy Svcs     | Cust Sol   | President |
| PSD | Cust Efficiency Pgms    | Engy Svcs     | Cust Sol   | President |
| PSM | Forecasts & Research    | Fcst&Res      | Cust Sol   | President |
| PSN | Marketing Services      | Mktg Svcs     | Cust Sol   | President |
| PSP | Pricing                 | Engy Svcs     | Cust Sol   | President |
| PSR | Cust Tech Applicatns    | CustTechAp    | Cust Sol   | President |
| PVA | Admin-Supp Svcs         | Supp Svcs     | En Del     | President |
| PVF | Fleet                   | Supp Svcs     | En Del     | President |
| PVL | Electric & Welding Svcs | Supp Svcs     | En Del     | President |
| PVM | Materials Management    | Supp Svcs     | En Del     | President |
| PVP | Purchasing              | Supp Svcs     | En Del     | President |
| PWA | Admin-CID               | CID           | EnSol      | President |
| PWP | Planning & Design       | CID           | EnSol      | President |
| PWX | Engineering & Meter     | CID           | EnSol      | President |
| PXA | Adm-Sys Plng            | Sys Plng      | Pwr Sup    | President |
| PXB | Generation Bidding      | Sys Plng      | Pwr Sup    | President |
| PYA | Admin-Plng & Engr       | PwrSup Eng    | Pwr Sup    | President |
| PYB | Generation Planning     | Sys Plng      | Pwr Sup    | President |
| PYC | Support Staff           | PwrSup Eng    | Pwr Sup    | President |
| PYE | PS Technical Svcs       | PwrSup Eng    | Pwr Sup    | President |
| PYF | PP Electrical Engr      | PwrSup Eng    | Pwr Sup    | President |
| PYG | PP Drafting             | PwrSup Eng    | Pwr Sup    | President |
| PYJ | PP Project Mgt          | PwrSup Eng    | Pwr Sup    | President |
| PYM | PP Mechanical Engr      | PwrSup Eng    | Pwr Sup    | President |
| PYP | Integrated Res Plng     | IRP           | PubAffairs | President |
| PYT | Transmission Plng       | Sys Plng      | Pwr Sup    | President |



CA-IR-24

Please provide a chart showing each separate legal entity within HEI and provide the following additional information:

- a. Explain and quantify the types of recurring and non-recurring affiliate transactions that took place in 2006 and 2007 (to-date) between HECO and each affiliated entity.
- b. Describe the basis of pricing each form of affiliate transaction listed in your response to part (a) of this information request, for example fully distributed cost, market price, appraised value, etc.
- c. If any affiliate service agreements exist in connection with HECO affiliate transactions, please provide complete copies of same.
- d. Identify and describe each affiliate relationship of HECO for which Hawaii PUC notification and/or approval has been sought or received.
- e. Provide complete copies of any documents associated with your response to part (d) of this information request.

HECO Response:

Attached on page 3 of this response is a chart showing each separate legal entity within HEI.

- a. HECO services provided to affiliates in 2006 and February 2007 YTD are shown on the attached pages 4 to 15. The 2006 and February 2007 YTD information for HEI services provided to HECO is provided on pages 16 to 17 of this response.
- b. Charges from HECO to affiliates are based on actual costs including applicable on-costs loadings. Charges from HEI to HECO are based on actual costs including applicable on-cost loadings. The HEI-HECO service agreement provides the basis used by HEI to allocate (when direct charging is not possible or practicable) billing amounts to its various subsidiaries.
- c. Service agreements between HECO and affiliates that meet the requirements of Hawaii Revised Statutes ("HRS") section 269-19.5 are submitted to the Commission with copies to

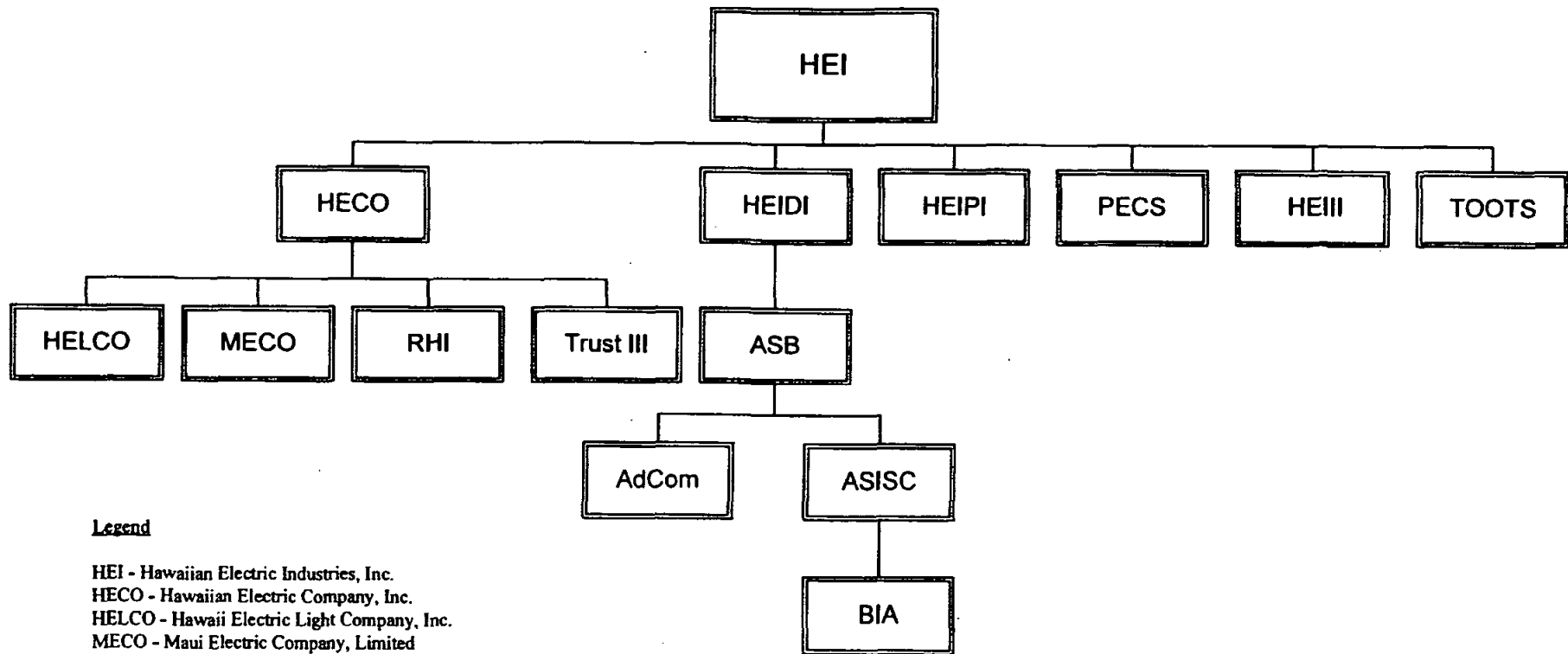


the Division of Consumer Advocacy. Agreement with Commission include :

- HEI/HECO Administrative Services Agreement dated February 4, 1993 (filed with the Commission on April 26, 2003). Addendums to the HEI/HECO Administrative Services Agreement and Updated Exhibit A to the Administrative Services Agreement with the Commission and Consumer Advocate were filed with the Commission and the Consumer Advocate on February 15, 2005. This agreement was included as HECO-1008.
  - In addition, see response to CA-IR-6 in Docket No. 04-0113, HECO's 2005 test year rate case proceeding for additional service agreements.
- d. Agreements between HECO and any affiliated interest having a face value of at least \$300,000 shall be filed with the Commission in accordance with HRS Section 269-19.5.
- e. See response to part c. above.



# Corporate Organizational Structure of HEI and HECO Holding Company Systems



## Legend

HEI - Hawaiian Electric Industries, Inc.  
 HECO - Hawaiian Electric Company, Inc.  
 HELCO - Hawaii Electric Light Company, Inc.  
 MECO - Maui Electric Company, Limited  
 RHI - Renewable Hawaii, Inc.  
 Trust III - HECO Capital Trust III  
 HEIDI - HEI Diversified, Inc.  
 ASB - American Savings Bank, F.S.B.  
 AdCom - Ad Communications, Inc.  
 ASISC - American Savings Investment Services Corp.  
 BIA - Bishop Insurance Agency of Hawaii, Inc.  
~~HEIPC - HEI Power Corp. dissolved 12/20/06~~  
 HEIII - HEI Investments, Inc.  
 HEIPI - HEI Properties, Inc.  
 PECS - Pacific Energy Conservation Services, Inc.  
 TOOTS - The Old Oahu Tug Service, Inc.



NARUC 1861  
HECO Charges Billable to associated companies  
2006

| Sum of Amount |                               | INTER NARUC Inter Naruc Desc    |                                |                                 |                               |                                 |                                       |                               |                                |
|---------------|-------------------------------|---------------------------------|--------------------------------|---------------------------------|-------------------------------|---------------------------------|---------------------------------------|-------------------------------|--------------------------------|
|               |                               | 186200                          | 186300                         | 186390                          | 186400                        | 186410                          | 186430                                | 186450                        | 186460                         |
| Activity      | Activity Desc                 | CHARGES BILL TO ASSOC COS HELCO | CHARGES BILL TO ASSOC COS MECO | CHARGES BILL TO ASSOC COS HEICF | CHARGES BILL TO ASSOC COS HEI | CHARGES BILL TO ASSOC COS HEIII | CHARGES BILL TO ASSOC COS TOOTS (HTB) | CHARGES BILL TO ASSOC COS ASB | CHARGES BILL TO ASSOC COS PECS |
| 042           | Financial Securities Issuance | 14,717.01                       | 4,427.75                       |                                 |                               |                                 |                                       |                               |                                |
| 100           | Cond Mkt Research-Reg         | 27,752.32                       | 23,206.90                      |                                 |                               |                                 |                                       |                               |                                |
| 110           | Impl Mktg Pgm-Core            | 5,672.91                        | 5,084.76                       |                                 |                               |                                 |                                       |                               |                                |
| 111           | Impl Mktg Pgm-Non Core        | 15,644.26                       |                                |                                 |                               |                                 |                                       |                               |                                |
| 112           | Dev & Mng Cust Rel            | 7,623.50                        |                                |                                 |                               |                                 |                                       |                               |                                |
| 120           | Adm As Avail Contracts        | 4,485.97                        |                                |                                 |                               |                                 |                                       |                               |                                |
| 121           | Adm Firm Cap Contracts        | 1,367.25                        |                                |                                 |                               |                                 |                                       |                               |                                |
| 122           | Eval & Neg New Cont           | 199,094.69                      | 48,366.75                      |                                 |                               |                                 |                                       |                               |                                |
| 131           | Rev Enhance-NonReg            |                                 |                                |                                 |                               |                                 |                                       |                               |                                |
| 200           | Dev Gen Forecasts             | 19,435.99                       | 41,833.52                      |                                 |                               |                                 |                                       |                               |                                |
| 201           | Perf Gen Plng Studies         | 50,236.49                       |                                |                                 |                               |                                 |                                       |                               |                                |
| 210           | Plan & Approve Projects       | 30,483.17                       | 16,818.82                      |                                 |                               |                                 |                                       |                               |                                |
| 211           | Engr Design & Mng Proj        | 319,633.51                      | 326,094.83                     |                                 |                               |                                 |                                       |                               |                                |
| 212           | Construct Projects            |                                 | 170,081.16                     |                                 |                               |                                 |                                       |                               |                                |
| 220           | Mng Fuel Sup Procuremnt       | 5,061.94                        | 7,649.25                       |                                 |                               |                                 |                                       |                               |                                |
| 221           | Adm Fuel Supp Contract        | 27,805.77                       | 29,933.72                      |                                 |                               |                                 |                                       |                               |                                |
| 222           | Mng Fuel & Dist Svcs          |                                 | 3,942.11                       |                                 |                               |                                 |                                       |                               |                                |
| 231           | Mng Fuel Del & Inv Plng       | 9,516.99                        | 11,099.41                      |                                 |                               |                                 |                                       |                               |                                |
| 241           | Op & Mon Fuel Feed Sys        |                                 | 118,264.94                     |                                 |                               |                                 |                                       |                               |                                |
| 258           | Maint Boiler Plt Eq-Pred      | 1,232.67                        |                                |                                 |                               |                                 |                                       |                               |                                |
| 261           | Maint Strm Turbo Eq-Pred      | 5,792.60                        |                                |                                 |                               |                                 |                                       |                               |                                |
| 300           | Perf Trans Plng Studies       | 245,320.93                      | 70,424.47                      |                                 |                               |                                 |                                       |                               |                                |
| 302           | E&D Trans Fac-OH Ln           | 136,286.77                      | 31,757.96                      |                                 |                               |                                 |                                       |                               |                                |
| 303           | E&D Trans Fac-UG Ln           | 547.40                          |                                |                                 |                               |                                 |                                       |                               |                                |
| 304           | E&D Trans Fac-Sub Eq          | 19,154.88                       | 87,878.62                      |                                 |                               |                                 |                                       |                               |                                |
| 307           | Mng Trans Projects            | 7,145.81                        |                                |                                 |                               |                                 |                                       |                               |                                |
| 317           | Const Trans Fac-Sub Eq        |                                 | 111,980.38                     |                                 |                               |                                 |                                       |                               |                                |
| 344           | Maint Tr OH Ln-Corr           |                                 | 3.55                           |                                 |                               |                                 |                                       |                               |                                |
| 348           | Maint Sub Trans Eq-Prev       |                                 | 80,635.10                      |                                 |                               |                                 |                                       |                               |                                |
| 349           | Maint Sub Trans Eq-Pred       | 25,767.10                       | 22,714.68                      |                                 |                               |                                 |                                       |                               |                                |
| 400           | Perf Dist Plng Studies        | 36,930.88                       | 535.68                         |                                 |                               |                                 |                                       |                               |                                |
| 402           | Dev & Maint DistStdSpecs      | 5,380.61                        | 5,790.82                       |                                 |                               |                                 |                                       |                               |                                |
| 405           | E&D Dist Fac-Sub Eq           | 9,824.00                        |                                |                                 |                               |                                 |                                       |                               |                                |
| 492           | Maint Dist Tools & Eq         | 34,010.69                       | 30,060.29                      |                                 |                               |                                 |                                       |                               |                                |
| 600           | Resp to Cus Inq/Svc Req       | 961,505.44                      | 828,074.62                     |                                 | 20,798.89                     |                                 |                                       |                               |                                |
| 604           | Maint Cus Account Info        | 40,982.91                       | 40,875.61                      |                                 |                               |                                 |                                       |                               |                                |
| 610           | Read Billing Meters           | 23,083.14                       | 35,123.28                      |                                 |                               |                                 |                                       |                               |                                |
| 611           | Mg Billing & Acct Prob        | 3,053.06                        | 1,304.70                       |                                 |                               |                                 |                                       |                               |                                |
| 614           | Process Cust Bills            | 313,066.99                      | 246,501.29                     |                                 | 5,695.05                      |                                 |                                       |                               |                                |
| 616           | Process Cust Payments         | 22,641.43                       | 22,497.76                      |                                 |                               |                                 |                                       |                               |                                |
| 618           | Mng Past Due Accts            | (272.67)                        |                                |                                 |                               |                                 |                                       |                               |                                |



NARUC 1861  
HECO Charges Billable to associated companies  
2006

| Sum of Amount |                          | INTER NARUC Inter Naruc Desc    |                                |                                 |                               |                                 |                                       |                               |                                |
|---------------|--------------------------|---------------------------------|--------------------------------|---------------------------------|-------------------------------|---------------------------------|---------------------------------------|-------------------------------|--------------------------------|
|               |                          | 186200                          | 186300                         | 186390                          | 186400                        | 186410                          | 186430                                | 186450                        | 186460                         |
| Activity      | Activity Desc            | CHARGES BILL TO ASSOC COS HELCO | CHARGES BILL TO ASSOC COS MECO | CHARGES BILL TO ASSOC COS HEICF | CHARGES BILL TO ASSOC COS HEI | CHARGES BILL TO ASSOC COS HEIII | CHARGES BILL TO ASSOC COS TOOTS (HTB) | CHARGES BILL TO ASSOC COS ASB | CHARGES BILL TO ASSOC COS PECS |
| 700           | Dev & Adm Business Plans | 25,482.54                       | 24,813.71                      |                                 | 43,837.17                     |                                 |                                       |                               |                                |
| 701           | Dev & Mg Forecasts       | 21,345.93                       | 17,235.43                      |                                 | 211.38                        |                                 |                                       |                               |                                |
| 710           | Dev & Mg Fcst-Sales/Load | 54,289.86                       | 43,656.19                      |                                 |                               |                                 |                                       |                               |                                |
| 711           | Adm & Impl IRP Pgm-Base  | 457,742.92                      |                                |                                 |                               |                                 |                                       |                               |                                |
| 712           | Adm & Impl IRP Pgm-Incr  |                                 | 451,169.47                     |                                 |                               |                                 |                                       |                               |                                |
| 714           | Adm & Impl DSM Pgm-Incr  | 94,218.72                       | 85,678.57                      |                                 |                               |                                 |                                       |                               |                                |
| 721           | Dev Meas & Anlz Perf     | 1,443.34                        | 1,145.05                       |                                 |                               |                                 |                                       |                               |                                |
| 722           | Org Dev Strat            | 6,005.19                        | 721.51                         |                                 |                               |                                 |                                       |                               |                                |
| 723           | Mg Incent & Recog Pgm    | 1,298.63                        | 2,325.34                       |                                 |                               |                                 |                                       |                               |                                |
| 730           | Rsrch New Technology     | 28,394.48                       | 26,482.69                      |                                 |                               |                                 |                                       |                               |                                |
| 735           | Rate Case Filings        | 110,770.90                      | 62,887.90                      |                                 |                               |                                 |                                       |                               |                                |
| 736           | Pricing Anlys&Proposals  | 39,274.43                       | 108,708.58                     |                                 |                               |                                 |                                       |                               |                                |
| 737           | Cost Recov & Rate Adj    | 4,054.68                        | 9,057.04                       |                                 |                               |                                 |                                       |                               |                                |
| 738           | Othr PUC Reg Filings     | 12,247.85                       | 10,328.63                      |                                 |                               |                                 |                                       |                               |                                |
| 739           | PUC Cap Proj Filings     | 3,864.37                        | 986.33                         |                                 |                               |                                 |                                       |                               |                                |
| 745           | Maint Rel-Leg & Govt Ag  | 19,278.73                       | 14,961.56                      |                                 |                               |                                 |                                       |                               |                                |
| 749           | Maint Rel-Ind Assoc      | 2,305.63                        | 2,070.05                       |                                 | 1,726.60                      |                                 |                                       | 710.46                        |                                |
| 750           | Maint Rel- Cust          | 36,539.82                       | 31,191.44                      |                                 |                               |                                 |                                       |                               |                                |
| 751           | Adm Informational Ad     | 5,214.12                        | 4,746.38                       |                                 |                               |                                 |                                       |                               |                                |
| 752           | Maint Rel-Media          | 1,904.85                        | 538.36                         |                                 |                               |                                 |                                       |                               |                                |
| 753           | Maint Rel-Community      | 13,000.00                       | 6,000.00                       |                                 | 542.73                        |                                 |                                       |                               |                                |
| 755           | Maint Rel-BOD            | 16,216.77                       | 13,372.20                      |                                 | 50,173.41                     |                                 |                                       | 685.84                        |                                |
| 756           | Maint Rel-Invest         | 18.82                           | 18.82                          |                                 | 38,081.05                     |                                 |                                       |                               |                                |
| 760           | Audits-Internal          | 28,700.33                       | 37,136.80                      |                                 |                               |                                 |                                       |                               |                                |
| 761           | Audits-External          | 205.39                          | 193.68                         |                                 | 205.39                        |                                 |                                       | 12.35                         |                                |
| 765           | Empl Pol Prac Proc       | 17,053.21                       | 6,272.54                       |                                 | 1,738.91                      |                                 |                                       |                               |                                |
| 766           | Maint Employee Recds     | 6,151.10                        | 3,894.67                       |                                 | 789.52                        |                                 |                                       |                               |                                |
| 767           | Recruit PolPracProc      | 1,040.02                        |                                |                                 | 3,126.83                      |                                 |                                       |                               | 98.05                          |
| 775           | Empl Comp PolPracProc    | 12,366.27                       | 12,840.72                      |                                 | 38,166.80                     |                                 |                                       |                               |                                |
| 776           | Ben Plan PolPracProc     | 5,047.26                        | 4,947.86                       |                                 | 5,675.20                      |                                 |                                       | 549.00                        | 1,978.93                       |
| 777           | Process Payroll          | 9,073.63                        | 8,212.10                       |                                 | 5,939.02                      |                                 |                                       |                               | 1,278.50                       |
| 778           | Adm Flexible Ben Pgm     | 33,631.89                       | 32,129.81                      |                                 | 11,555.91                     |                                 |                                       |                               | 1,551.75                       |
| 779           | Adm Retirement Pgm       | 21,815.18                       | 19,721.29                      |                                 | 30,094.64                     |                                 |                                       | 9,727.95                      | 1,483.80                       |
| 780           | AdmBen Oth than Flex Ret | 93,373.88                       | 96,988.91                      |                                 | 105,051.23                    |                                 |                                       |                               | 442.25                         |
| 788           | Conduct Empl Training    | 13,352.99                       | 14,747.52                      |                                 |                               |                                 |                                       |                               |                                |
| 789           | Attend Training          | 1,153.44                        | 1,360.81                       |                                 | 94.70                         |                                 |                                       | 958.85                        |                                |
| 795           | Mg Safety Pgm & Trng     | 2,005.05                        | 478.20                         |                                 |                               |                                 |                                       |                               |                                |
| 805           | Mg BU & Oth Lbr Agrmnt   | 3,435.67                        | 1,354.52                       |                                 |                               |                                 |                                       |                               |                                |
| 807           | Co-wide Empl Commun      | 6,809.53                        | 6,992.84                       |                                 | 6,553.39                      |                                 |                                       |                               |                                |
| 815           | Dev Adm Acctg Pol Proc   | 12,918.79                       | 7,574.42                       |                                 |                               |                                 |                                       |                               |                                |
| 817           | Maint Fixed Asset Rcds   | 18,857.44                       | 12,599.20                      |                                 |                               |                                 |                                       |                               |                                |
| 818           | Maint G/L & Stat Info    | 5,754.83                        | 5,057.63                       |                                 | 400.66                        |                                 |                                       | 728.25                        | 120.81                         |
| 825           | Manage Cash              | 119,711.03                      | 36,772.10                      |                                 | 158,271.25                    | 440.14                          | 272.76                                |                               | 89.53                          |



NARUC 1861  
HECO Charges Billable to associated companies  
2006

| Sum of Amount |                          | INTER NARUC Inter Naruc Desc    |                                |                                 |                               |                                 |                                       |                               |                                |
|---------------|--------------------------|---------------------------------|--------------------------------|---------------------------------|-------------------------------|---------------------------------|---------------------------------------|-------------------------------|--------------------------------|
|               |                          | 186200                          | 186300                         | 186390                          | 186400                        | 186410                          | 186430                                | 186450                        | 186460                         |
| Activity      | Activity Desc            | CHARGES BILL TO ASSOC COS HELCO | CHARGES BILL TO ASSOC COS MECO | CHARGES BILL TO ASSOC COS HEICF | CHARGES BILL TO ASSOC COS HEI | CHARGES BILL TO ASSOC COS HEIII | CHARGES BILL TO ASSOC COS TOOTS (HTB) | CHARGES BILL TO ASSOC COS ASB | CHARGES BILL TO ASSOC COS PECS |
| 826           | Manage Financing         | 101,756.82                      | 98,488.08                      |                                 | 39,410.73                     |                                 |                                       |                               |                                |
| 827           | Perf Econ/Fin Anlys      | 1,274.86                        | 139.26                         |                                 | 10,817.68                     |                                 |                                       |                               |                                |
| 835           | Fin Rpts/StatInfo-Int    | 3,878.24                        | 2,981.04                       |                                 |                               |                                 |                                       |                               |                                |
| 836           | Fin Rpts/StatInfo-Ext    | 94,897.20                       | 110,441.14                     |                                 | 736.02                        |                                 |                                       |                               |                                |
| 842           | Order Mat Eq Sup & Svcs  | 31,540.78                       | 28,214.71                      |                                 |                               |                                 |                                       |                               |                                |
| 843           | Proc Invoices Oth Pmt    | 144,692.53                      | 138,173.98                     |                                 |                               |                                 |                                       |                               |                                |
| 844           | Prep Contr-Svcs & Mat    | 15,352.54                       | 13,058.39                      | 867.20                          | 2,286.22                      |                                 |                                       |                               |                                |
| 865           | Apply Envir Permits-Air  | 4,606.06                        | 19,120.42                      |                                 |                               |                                 |                                       |                               |                                |
| 866           | Apply Envir Permits-Wtr  | 1,167.60                        | 2,974.20                       |                                 |                               |                                 |                                       |                               |                                |
| 867           | Apply Land Use Permits   | 1,745.75                        |                                |                                 |                               |                                 |                                       |                               |                                |
| 875           | Comply Ongo Perm-Air     | 116,281.71                      | 157,285.46                     |                                 |                               |                                 |                                       |                               |                                |
| 876           | Comply Ongo-Wstewtr      | 190,679.30                      | 33,899.03                      |                                 |                               |                                 |                                       |                               |                                |
| 877           | Cmply Sld&HazWste OilRel | 48,306.03                       | 64,287.90                      |                                 |                               |                                 |                                       |                               |                                |
| 878           | Cmply Sld&HazWste NonOil | 15,160.63                       | 14,242.89                      |                                 |                               |                                 |                                       |                               |                                |
| 879           | Comply Ongoing-Noise     | 704.74                          | 376.44                         |                                 |                               |                                 |                                       |                               |                                |
| 891           | Maint Exist Comp App     | 82,664.79                       | 82,463.03                      |                                 |                               |                                 |                                       |                               |                                |
| 895           | Op & Maint Mainframe     | 272,965.94                      | 272,958.71                     |                                 | 3,180.00                      |                                 |                                       |                               |                                |
| 896           | Op & Maint LAN           | 198.72                          | 156.14                         |                                 | 317.07                        |                                 |                                       |                               |                                |
| 897           | Op & Maint Desktop-Bus   | 121,576.23                      | 69,497.55                      |                                 | 177.84                        |                                 |                                       |                               |                                |
| 900           | Op Desktop OffcTelecom   |                                 |                                |                                 | 25,068.28                     |                                 |                                       |                               |                                |
| 901           | Prov IT Cust Assist      |                                 | 26,308.00                      |                                 |                               |                                 |                                       |                               |                                |
| 925           | Purchase Real Property   |                                 | 658.31                         |                                 |                               |                                 |                                       |                               |                                |
| 927           | Sell/Dispose Prop        |                                 |                                |                                 | 3,276.46                      |                                 |                                       |                               |                                |
| 928           | Process Easements        | 1,397.13                        | 679.80                         |                                 |                               |                                 |                                       |                               |                                |
| 930           | Mg Const & Reconfig Fac  |                                 |                                |                                 | 6,969.73                      |                                 |                                       |                               |                                |
| 931           | Care for Bldgs & Grnds   |                                 |                                |                                 | 28,488.73                     |                                 |                                       |                               |                                |
| 932           | Repair Bldgs & Grnds     | 62,312.06                       | 5,478.26                       |                                 |                               |                                 |                                       |                               |                                |
| 933           | Prov&Mg Svcs-Security    |                                 |                                |                                 | 97.60                         |                                 |                                       |                               |                                |
| 934           | Prov&Mg Svcs-Custodial   |                                 |                                |                                 | 2,230.67                      |                                 |                                       |                               |                                |
| 940           | Mg/Adm Veh Pgm Pol&Proc  | 22,865.10                       | 15,277.51                      |                                 |                               |                                 |                                       |                               |                                |
| 942           | Maint Vehicles           | 2,839.13                        | 2,935.29                       |                                 |                               |                                 |                                       |                               |                                |
| 950           | Prov Risk Mgt Svcs-Liab  | 411,438.96                      | 418,847.90                     |                                 | 993,243.21                    | 138.52                          | 966.87                                | 8,985.82                      | 1,669.75                       |
| 951           | Prov Risk Mgt Svcs-Prop  | 624,087.98                      | 894,617.73                     |                                 | 10,234.74                     | 118.99                          |                                       | (688.83)                      | 22.15                          |
| 953           | Prov Risk Mgt Svcs-WC    | 62,474.76                       | 62,968.95                      |                                 | 1,325.23                      |                                 |                                       | 464.80                        | 4,693.00                       |
| 960           | Mg Svc & Process Doc     | 5,665.06                        | 9,727.77                       | 127.37                          | 32.97                         |                                 |                                       |                               |                                |
| 961           | Cond Legal Due Diligence | 2,403.43                        |                                |                                 | 250.72                        |                                 |                                       |                               |                                |
| 965           | Prov Records Mgt Svcs    | 645.20                          | 1,106.04                       |                                 | 5,582.76                      |                                 |                                       |                               |                                |
| 967           | Prov Printing Svcs       |                                 |                                |                                 | 424.16                        |                                 |                                       |                               |                                |
| 969           | Prov Library/Rsrch Svcs  |                                 | 171.50                         |                                 |                               |                                 |                                       |                               |                                |
| Grand Total   |                          | 6,442,935.20                    | 6,197,869.03                   | 994.57                          | 1,662,880.55                  | 697.65                          | 1,239.63                              | 22,134.49                     | 13,428.52                      |



NARUC 1861  
HECO Charges Billable to associated companies  
2006

| Sum of Amount |                               | 186470                                | 186480                                | 186484                                       | 186486   | Grand Total  |
|---------------|-------------------------------|---------------------------------------|---------------------------------------|--|--|--------------|
| Activity      | Activity Desc                 | CHARGES BILL<br>TO ASSOC COS<br>HEIPC | CHARGES BILL<br>TO ASSOC COS<br>HEIDI | CHARGES BILL<br>TO HEI<br>PROPERTIES<br>INC. | Charges Billable-<br>Renewable<br>Hawaii, Inc. |              |
| 042           | Financial Securities Issuance |                                       |                                       |  |  | 19,144.76    |
| 100           | Cond Mkt Research-Reg         |                                       |                                       |  |  | 50,959.22    |
| 110           | Impl Mktg Pgm-Core            |                                       |                                       |  |  | 10,757.67    |
| 111           | Impl Mktg Pgm-Non Core        |                                       |                                       |  |  | 15,644.26    |
| 112           | Dev & Mng Cust Rel            |                                       |                                       |  |  | 7,623.50     |
| 120           | Adm As Avail Contracts        |                                       |                                       |  |  | 4,485.97     |
| 121           | Adm Firm Cap Contracts        |                                       |                                       |  |  | 1,367.25     |
| 122           | Eval & Neg New Cont           |                                       |                                       |  |  | 247,461.44   |
| 131           | Rev Enhance-NonReg            |                                       |                                       |  | 102,812.14                                     | 102,812.14   |
| 200           | Dev Gen Forecasts             |                                       |                                       |  |  | 61,269.51    |
| 201           | Perf Gen PIng Studies         |                                       |                                       |  |  | 50,236.49    |
| 210           | Plan & Approve Projects       |                                       |                                       |  |  | 47,301.99    |
| 211           | Engr Design & Mng Proj        |                                       |                                       |  |  | 645,728.34   |
| 212           | Construct Projects            |                                       |                                       |  |  | 170,081.16   |
| 220           | Mng Fuel Sup Procuremnt       |                                       |                                       |  |  | 12,711.19    |
| 221           | Adm Fuel Supp Contract        |                                       |                                       |  |  | 57,739.49    |
| 222           | Mng Fuel & Dist Svcs          |                                       |                                       |  |  | 3,942.11     |
| 231           | Mng Fuel Del & Inv PIng       |                                       |                                       |  |  | 20,616.40    |
| 241           | Op & Mon Fuel Feed Sys        |                                       |                                       |  |  | 118,264.94   |
| 258           | Maint Boiler Plt Eq-Pred      |                                       |                                       |  |  | 1,232.67     |
| 261           | Maint Stm Turbo Eq-Pred       |                                       |                                       |  |  | 5,792.60     |
| 300           | Perf Trans PIng Studies       |                                       |                                       |  |  | 315,745.40   |
| 302           | E&D Trans Fac-OH Ln           |                                       |                                       |  |  | 168,044.73   |
| 303           | E&D Trans Fac-UG Ln           |                                       |                                       |  |  | 547.40       |
| 304           | E&D Trans Fac-Sub Eq          |                                       |                                       |  |  | 107,033.50   |
| 307           | Mng Trans Projects            |                                       |                                       |  |  | 7,145.81     |
| 317           | Const Trans Fac-Sub Eq        |                                       |                                       |  |  | 111,980.38   |
| 344           | Maint Tr OH Ln-Corr           |                                       |                                       |  |  | 3.55         |
| 348           | Maint Sub Trans Eq-Prev       |                                       |                                       |  |  | 80,635.10    |
| 349           | Maint Sub Trans Eq-Pred       |                                       |                                       |  |  | 48,481.78    |
| 400           | Perf Dist PIng Studies        |                                       |                                       |  |  | 37,466.56    |
| 402           | Dev & Maint DistStdSpecs      |                                       |                                       |  |  | 11,171.43    |
| 405           | E&D Dist Fac-Sub Eq           |                                       |                                       |  |  | 9,824.00     |
| 492           | Maint Dist Tools & Eq         |                                       |                                       |  |  | 64,070.98    |
| 600           | Resp to Cus Inq/Svc Req       |                                       |                                       |  |  | 1,810,378.95 |
| 604           | Maint Cus Account Info        |                                       |                                       |  |  | 81,858.52    |
| 610           | Read Billing Meters           |                                       |                                       |  |  | 58,206.42    |
| 611           | Mg Billing & Acct Prob        |                                       |                                       |  |  | 4,357.76     |
| 614           | Process Cust Bills            |                                       |                                       |  |  | 565,263.33   |
| 616           | Process Cust Payments         |                                       |                                       |  |  | 45,139.19    |
| 618           | Mng Past Due Accts            |                                       |                                       |  |  | (272.67)     |



NARUC 1861  
HECO Charges Billable to associated companies  
2006

| Sum of Amount |                          | 186470                                | 186480                                | 186484                                       | 186486   | Grand Total |
|---------------|--------------------------|---------------------------------------|---------------------------------------|--|--|-------------|
| Activity      | Activity Desc            | CHARGES BILL<br>TO ASSOC COS<br>HEIPC | CHARGES BILL<br>TO ASSOC COS<br>HEIDI | CHARGES BILL<br>TO HEI<br>PROPERTIES<br>INC. | Charges Billable-<br>Renewable<br>Hawaii, Inc. |             |
| 700           | Dev & Adm Business Plans |                                       |                                       |  |  | 94,133.42   |
| 701           | Dev & Mg Forecasts       |                                       |                                       |  |  | 38,792.74   |
| 710           | Dev & Mg Fcst-Sales/Load |                                       |                                       |  |  | 97,946.05   |
| 711           | Adm & Impl IRP Pgm-Base  |                                       |                                       |  |  | 457,742.92  |
| 712           | Adm & Impl IRP Pgm-Incr  |                                       |                                       |  |  | 451,169.47  |
| 714           | Adm & Impl DSM Pgm-Incr  |                                       |                                       |  |  | 179,897.29  |
| 721           | Dev Meas & Anlz Perf     |                                       |                                       |  |  | 2,588.39    |
| 722           | Org Dev Strat            |                                       |                                       |  | 8,478.81                                       | 15,205.51   |
| 723           | Mg Incent & Recog Pgm    |                                       |                                       |  |  | 3,623.97    |
| 730           | Rsrch New Technology     |                                       |                                       |  |  | 54,877.17   |
| 735           | Rate Case Filings        |                                       |                                       |  |  | 173,658.80  |
| 736           | Pricing Anlys&Proposals  |                                       |                                       |  |  | 147,983.01  |
| 737           | Cost Recov & Rate Adj    |                                       |                                       |  |  | 13,111.72   |
| 738           | Othr PUC Reg Filings     |                                       |                                       |  |  | 22,576.48   |
| 739           | PUC Cap Proj Filings     |                                       |                                       |  |  | 4,850.70    |
| 745           | Maint Rel-Leg & Govt Ag  |                                       |                                       |  |  | 34,240.29   |
| 749           | Maint Rel-Ind Assoc      |                                       |                                       |  |  | 6,812.74    |
| 750           | Maint Rel- Cust          |                                       |                                       |  |  | 67,731.26   |
| 751           | Adm Informational Ad     |                                       |                                       |  |  | 9,960.50    |
| 752           | Maint Rel-Media          |                                       |                                       |  |  | 2,443.21    |
| 753           | Maint Rel-Community      |                                       |                                       |  |  | 19,542.73   |
| 755           | Maint Rel-BOD            | (3,644.80)                            |                                       |  |  | 76,803.42   |
| 756           | Maint Rel-Invest         |                                       |                                       |  |  | 38,118.69   |
| 760           | Audits-Internal          |                                       |                                       |  |  | 65,837.13   |
| 761           | Audits-External          |                                       |                                       |  |  | 616.81      |
| 765           | Empl Pol Prac Proc       |                                       |                                       |  | 113.08   | 25,177.74   |
| 766           | Maint Employee Recds     |                                       |                                       |  |  | 10,835.29   |
| 767           | Recruit PolPracProc      |                                       |                                       |  |  | 4,264.90    |
| 775           | Empl Comp PolPracProc    |                                       |                                       |  |  | 63,373.79   |
| 776           | Ben Plan PolPracProc     |                                       |                                       |  |  | 18,198.25   |
| 777           | Process Payroll          | 31.99                                 |                                       |  |  | 24,535.24   |
| 778           | Adm Flexible Ben Pgm     |                                       |                                       |  |  | 78,869.36   |
| 779           | Adm Retirement Pgm       | 49.09                                 |                                       |  |  | 82,891.95   |
| 780           | AdmBen Oth than Flex Ret |                                       |                                       |  |  | 295,856.27  |
| 788           | Conduct Empl Training    |                                       |                                       |  |  | 28,100.51   |
| 789           | Attend Training          |                                       |                                       |  |  | 3,567.80    |
| 795           | Mg Safety Pgm & Trng     |                                       |                                       |  |  | 2,483.25    |
| 805           | Mg BU & Oth Lbr Agrmnt   |                                       |                                       |  |  | 4,790.19    |
| 807           | Co-wide Empl Commun      |                                       |                                       |  |  | 20,355.76   |
| 815           | Dev Adm Acctg Pol Proc   |                                       |                                       |  |  | 20,493.21   |
| 817           | Maint Fixed Asset Rcds   |                                       |                                       |  |  | 31,456.64   |
| 818           | Maint G/L & Stat Info    | 11.60                                 |                                       |  | 21,399.13                                      | 33,472.91   |
| 825           | Manage Cash              | 138.83                                | 329.00                                | 275.79                                       | 42.70  | 316,343.13  |



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HECO Charges Billable to associated companies  
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| Sum of Amount |                          | 186470                          | 186480                          | 186484                              | 186486                                   | Grand Total   |
|---------------|--------------------------|---------------------------------|---------------------------------|-------------------------------------|--|---------------|
| Activity      | Activity Desc            | CHARGES BILL TO ASSOC COS HEIPC | CHARGES BILL TO ASSOC COS HEIDI | CHARGES BILL TO HEI PROPERTIES INC. | Charges Billable- Renewable Hawaii, Inc. |               |
| 826           | Manage Financing         |                                 |                                 |                                     | 228.99                                   | 239,884.62    |
| 827           | Perf Econ/Fin Anlys      |                                 |                                 |                                     |  | 12,231.80     |
| 835           | Fin Rpts/StatInfo-Int    |                                 |                                 |                                     |  | 6,859.28      |
| 836           | Fin Rpts/StatInfo-Ext    |                                 |                                 |                                     |  | 206,074.36    |
| 842           | Order Mat Eq Sup & Svcs  |                                 |                                 |                                     |  | 59,755.49     |
| 843           | Proc Invoices Oth Pmt    |                                 |                                 |                                     |  | 282,866.51    |
| 844           | Prep Contr-Svcs & Mat    |                                 |                                 |                                     |  | 31,564.35     |
| 865           | Apply Envir Permits-Air  |                                 |                                 |                                     |  | 23,726.48     |
| 866           | Apply Envir Permits-Wtr  |                                 |                                 |                                     |  | 4,141.80      |
| 867           | Apply Land Use Permits   |                                 |                                 |                                     |  | 1,745.75      |
| 875           | Comply Ongo Perm-Air     |                                 |                                 |                                     |  | 273,567.17    |
| 876           | Comply Ongo-Wstewtr      |                                 |                                 |                                     |  | 224,578.33    |
| 877           | Cmply Sld&HazWste OilRel |                                 |                                 |                                     |  | 112,593.93    |
| 878           | Cmply Sld&HazWste NonOil |                                 |                                 |                                     |  | 29,403.52     |
| 879           | Comply Ongoing-Noise     |                                 |                                 |                                     |  | 1,081.18      |
| 891           | Maint Exist Comp App     |                                 |                                 |                                     |  | 165,127.82    |
| 895           | Op & Maint Mainframe     |                                 |                                 |                                     |  | 549,104.65    |
| 896           | Op & Maint LAN           |                                 |                                 |                                     |  | 671.93        |
| 897           | Op & Maint Desktop-Bus   |                                 |                                 |                                     |  | 191,251.62    |
| 900           | Op Desktop OffcTelecom   |                                 |                                 |                                     |  | 25,068.28     |
| 901           | Prov IT Cust Assist      |                                 |                                 |                                     |  | 26,308.00     |
| 925           | Purchase Real Property   |                                 |                                 |                                     |  | 658.31        |
| 927           | Sell/Dispose Prop        |                                 |                                 |                                     |  | 3,276.46      |
| 928           | Process Easements        |                                 |                                 |                                     |  | 2,076.93      |
| 930           | Mg Const & Reconfig Fac  |                                 |                                 |                                     |  | 6,969.73      |
| 931           | Care for Bldgs & Grnds   |                                 |                                 |                                     |  | 28,488.73     |
| 932           | Repair Bldgs & Grnds     |                                 |                                 |                                     |  | 67,790.32     |
| 933           | Prov&Mg Svcs-Security    |                                 |                                 |                                     |  | 97.60         |
| 934           | Prov&Mg Svcs-Custodial   |                                 |                                 |                                     |  | 2,230.67      |
| 940           | Mg/Adm Veh Pgm Pol&Proc  |                                 |                                 |                                     |  | 38,142.61     |
| 942           | Maint Vehicles           |                                 |                                 |                                     |  | 5,774.42      |
| 950           | Prov Risk Mgt Svcs-Liab  | 89.02                           |                                 |                                     | 255.93                                   | 1,835,635.98  |
| 951           | Prov Risk Mgt Svcs-Prop  |                                 |                                 |                                     |  | 1,528,392.76  |
| 953           | Prov Risk Mgt Svcs-WC    |                                 |                                 |                                     |  | 131,926.74    |
| 960           | Mg Svc & Process Doc     |                                 |                                 |                                     |  | 15,553.17     |
| 961           | Cond Legal Due Diligence | 485.45                          |                                 |                                     |  | 3,139.60      |
| 965           | Prov Records Mgt Svcs    |                                 |                                 |                                     |  | 7,334.00      |
| 967           | Prov Printing Svcs       |                                 |                                 |                                     |  | 424.16        |
| 969           | Prov Library/Rsrch Svcs  |                                 |                                 |                                     |  | 171.50        |
| Grand Total   |                          | (2,838.82)                      | 329.00                          | 275.79                              | 133,330.78                               | 14,473,276.39 |

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HECO Charges Billable to associated companies  
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| Sum of Amount |                          | INTER NARUC Inter Naruc Desc    |                                |                               |                                 |                                       |                               |                                |                                 |
|---------------|--------------------------|---------------------------------|--------------------------------|-------------------------------|---------------------------------|---------------------------------------|-------------------------------|--------------------------------|---------------------------------|
|               |                          | 186200                          | 186300                         | 186400                        | 186410                          | 186430                                | 186450                        | 186460                         | 186470                          |
| Activity      | Activity Desc            | CHARGES BILL TO ASSOC COS-HELCO | CHARGES BILL TO ASSOC COS-MECO | CHARGES BILL TO ASSOC COS-HEI | CHARGES BILL TO ASSOC COS-HEIII | CHARGES BILL TO ASSOC COS-TOOTS (HTB) | CHARGES BILL TO ASSOC COS-ASB | CHARGES BILL TO ASSOC COS-PECS | CHARGES BILL TO ASSOC COS-HEIPC |
| 100           | Cond Mkt Research-Reg    | 352.99                          | 499.16                         |                               |                                 |                                       |                               |                                |                                 |
| 110           | Impl Mktg Pgm-Core       | 0.29                            |                                |                               |                                 |                                       |                               |                                |                                 |
| 111           | Impl Mktg Pgm-Non Core   | 558.75                          |                                |                               |                                 |                                       |                               |                                |                                 |
| 120           | Adm As Avail Contracts   | 507.56                          |                                |                               |                                 |                                       |                               |                                |                                 |
| 121           | Adm Firm Cap Contracts   | 358.87                          | (15.89)                        |                               |                                 |                                       |                               |                                |                                 |
| 122           | Eval & Neg New Cont      | 10,919.62                       | 3,402.45                       |                               |                                 |                                       |                               |                                |                                 |
| 131           | Rev Enhance-NonReg       |                                 |                                |                               |                                 |                                       |                               |                                |                                 |
| 200           | Dev Gen Forecasts        | 5,230.21                        | 7,469.25                       |                               |                                 |                                       |                               |                                |                                 |
| 201           | Perf Gen Plng Studies    | 12,862.83                       |                                |                               |                                 |                                       |                               |                                |                                 |
| 210           | Plan & Approve Projects  | 617.05                          | 957.28                         |                               |                                 |                                       |                               |                                |                                 |
| 211           | Engr Design & Mng Proj   | 76,262.56                       | 51,812.16                      |                               |                                 |                                       |                               |                                |                                 |
| 212           | Construct Projects       |                                 | 329.40                         |                               |                                 |                                       |                               |                                |                                 |
| 220           | Mng Fuel Sup Procuremnt  | 779.03                          | 3,770.23                       |                               |                                 |                                       |                               |                                |                                 |
| 221           | Adm Fuel Supp Contract   | 3,272.90                        | 3,374.27                       |                               |                                 |                                       |                               |                                |                                 |
| 222           | Mng Fuel & Dist Svcs     |                                 | 1,079.05                       |                               |                                 |                                       |                               |                                |                                 |
| 231           | Mng Fuel Del & Inv Plng  | 2,248.86                        | 2,202.81                       |                               |                                 |                                       |                               |                                |                                 |
| 240           | Dev & Maint Pol & Proc   | 342.14                          | 263.41                         |                               |                                 |                                       |                               |                                |                                 |
| 241           | Op & Mon Fuel Feed Sys   |                                 | 21,932.88                      |                               |                                 |                                       |                               |                                |                                 |
| 300           | Perf Trans Plng Studies  | 54,992.79                       | 2,276.77                       |                               |                                 |                                       |                               |                                |                                 |
| 302           | E&D Trans Fac-OH Ln      | 31,048.52                       | 12,196.00                      |                               |                                 |                                       |                               |                                |                                 |
| 304           | E&D Trans Fac-Sub Eq     | 39,597.88                       | 2,444.64                       |                               |                                 |                                       |                               |                                |                                 |
| 307           | Mng Trans Projects       | 586.04                          |                                |                               |                                 |                                       |                               |                                |                                 |
| 349           | Maint Sub Trans Eq-Pred  | 2,475.67                        | 4,033.03                       |                               |                                 |                                       |                               |                                |                                 |
| 400           | Perf Dist Plng Studies   | 1,499.02                        |                                |                               |                                 |                                       |                               |                                |                                 |
| 402           | Dev & Maint DistStdSpecs | 8,066.58                        | 200.24                         |                               |                                 |                                       |                               |                                |                                 |
| 492           | Maint Dist Tools & Eq    | 6,227.57                        | 4,111.17                       |                               |                                 |                                       |                               |                                |                                 |
| 600           | Resp to Cus Inq/Svc Req  | 56,979.03                       | 49,849.80                      | 3,688.49                      |                                 |                                       |                               |                                |                                 |
| 604           | Maint Cus Account Info   | 7,481.62                        | 7,481.62                       |                               |                                 |                                       |                               |                                |                                 |
| 610           | Read Billing Meters      | 5,658.05                        | 14,366.94                      |                               |                                 |                                       |                               |                                |                                 |
| 611           | Mg Billing & Acct Prob   | 18.47                           | 80.28                          |                               |                                 |                                       |                               |                                |                                 |
| 614           | Process Cust Bills       | 52,768.64                       | 42,074.46                      | 5,374.52                      |                                 |                                       |                               |                                |                                 |
| 616           | Process Cust Payments    | 5,042.15                        | 5,042.15                       |                               |                                 |                                       |                               |                                |                                 |
| 700           | Dev & Adm Business Plans | 2,898.65                        | 3,270.96                       | 6,873.65                      |                                 |                                       |                               |                                |                                 |
| 710           | Dev & Mg Fcst-Sales/Load | 6,647.68                        | 2,039.17                       |                               |                                 |                                       |                               |                                |                                 |
| 711           | Adm & Impl IRP Pgm-Base  | 55,589.35                       |                                |                               |                                 |                                       |                               |                                |                                 |
| 712           | Adm & Impl IRP Pgm-Incr  |                                 | 34,857.02                      |                               |                                 |                                       |                               |                                |                                 |
| 714           | Adm & Impl DSM Pgm-Incr  | 5,187.81                        | 6,187.89                       |                               |                                 |                                       |                               |                                |                                 |
| 721           | Dev Meas & Anlz Perf     | 2,014.34                        | 1,831.71                       |                               |                                 |                                       |                               |                                |                                 |
| 722           | Org Dev Strat            | 241.41                          |                                |                               |                                 |                                       |                               |                                |                                 |
| 723           | Mg Incent & Recog Pgm    | 369.18                          | 369.18                         |                               |                                 |                                       |                               |                                |                                 |
| 730           | Rsrch New Technology     | 66,125.84                       | 60,040.43                      |                               |                                 |                                       |                               |                                |                                 |
| 735           | Rate Case Filings        | (53,055.25)                     | 40,714.44                      |                               |                                 |                                       |                               |                                |                                 |



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HECO Charges Billable to associated companies  
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| Sum of Amount |                          | INTER NARUC Inter Naruc Desc    |                                |                               |                                 |                                       |                               |                                |                                 |
|---------------|--------------------------|---------------------------------|--------------------------------|-------------------------------|---------------------------------|---------------------------------------|-------------------------------|--------------------------------|---------------------------------|
|               |                          | 186200                          | 186300                         | 186400                        | 186410                          | 186430                                | 186450                        | 186460                         | 186470                          |
| Activity      | Activity Desc            | CHARGES BILL TO ASSOC COS-HELCO | CHARGES BILL TO ASSOC COS-MECO | CHARGES BILL TO ASSOC COS-HEI | CHARGES BILL TO ASSOC COS-HEIII | CHARGES BILL TO ASSOC COS-TOOTS (HTB) | CHARGES BILL TO ASSOC COS-ASB | CHARGES BILL TO ASSOC COS-PECS | CHARGES BILL TO ASSOC COS-HEIPC |
| 736           | Pricing Anlys&Proposals  | 123.55                          | 288.10                         |                               |                                 |                                       |                               |                                |                                 |
| 737           | Cost Recov & Rate Adj    | 555.56                          | 1,415.38                       |                               |                                 |                                       |                               |                                |                                 |
| 738           | Othr PUC Reg Filings     | 3,783.65                        | 4,216.09                       |                               |                                 |                                       |                               |                                |                                 |
| 739           | PUC Cap Proj Filings     |                                 | 65.83                          |                               |                                 |                                       |                               |                                |                                 |
| 745           | Maint Rel-Leg & Govt Ag  | 3,407.18                        | 2,452.64                       |                               |                                 |                                       |                               |                                |                                 |
| 750           | Maint Rel- Cust          | 2,816.61                        | 2,586.68                       |                               |                                 |                                       |                               |                                |                                 |
| 751           | Adm Informational Ad     | 974.17                          | (679.02)                       |                               |                                 |                                       |                               |                                |                                 |
| 752           | Maint Rel-Media          | 4,358.83                        | 743.69                         |                               |                                 |                                       |                               |                                |                                 |
| 755           | Maint Rel-BOD            | 885.17                          | 506.17                         | 9,983.15                      |                                 |                                       | 262.42                        |                                | (434.73)                        |
| 756           | Maint Rel-Invest         |                                 |                                | 18,966.65                     |                                 |                                       |                               |                                |                                 |
| 760           | Audits-Internal          | 433.85                          | 1,628.79                       |                               |                                 |                                       |                               |                                |                                 |
| 761           | Audits-External          | 189.18                          | 162.09                         | 126.11                        |                                 |                                       | 11.91                         |                                |                                 |
| 765           | Empl Pol Prac Proc       | 613.15                          | 648.90                         |                               |                                 |                                       |                               |                                |                                 |
| 766           | Maint Employee Recds     | 466.92                          | 193.29                         | 111.39                        |                                 |                                       |                               |                                |                                 |
| 767           | Recruit PolPracProc      | 1.00                            |                                | 2,724.17                      |                                 |                                       |                               |                                |                                 |
| 775           | Empl Comp PolPracProc    | 1,683.42                        | 1,784.35                       | 16,774.21                     |                                 |                                       |                               |                                |                                 |
| 776           | Ben Plan PolPracProc     | 1,382.22                        | 1,001.36                       | 1,640.63                      |                                 |                                       | 160.66                        | 329.97                         | 122.96                          |
| 777           | Process Payroll          | 3,530.90                        | 308.38                         | 867.05                        |                                 |                                       |                               | 162.15                         |                                 |
| 778           | Adm Flexible Ben Pgm     | 1,490.64                        | 1,119.76                       | 1,183.53                      |                                 |                                       |                               | 136.60                         |                                 |
| 779           | Adm Retirement Pgm       | 5,664.62                        | 5,904.87                       | 5,692.60                      |                                 |                                       | 2,203.03                      | 899.86                         |                                 |
| 780           | AdmBen Oth than Flex Ret | (16,664.79)                     | (19,186.88)                    | 37,164.18                     |                                 |                                       |                               | 588.23                         |                                 |
| 788           | Conduct Empl Training    | 622.58                          | 191.55                         |                               |                                 |                                       |                               |                                |                                 |
| 789           | Attend Training          | 275.04                          | 312.69                         | 4.71                          |                                 |                                       | 183.39                        |                                |                                 |
| 805           | Mg BU & Oth Lbr Agmnt    | 2,114.15                        | 423.14                         |                               |                                 |                                       |                               |                                |                                 |
| 807           | Co-wide Empl Commun      | 151.35                          | 145.02                         | 3,360.86                      |                                 |                                       |                               |                                |                                 |
| 815           | Dev Adm Acctg Pol Proc   | 2,760.48                        | 1,643.24                       |                               |                                 |                                       |                               |                                |                                 |
| 817           | Maint Fixed Asset Rcds   | 11,469.60                       | 11,419.26                      |                               |                                 |                                       |                               |                                |                                 |
| 818           | Maint G/L & Stat Info    | 2,032.46                        | 620.41                         | 54.14                         |                                 |                                       | 459.33                        | 33.93                          |                                 |
| 819           | Adm Tax Return & Reports | 3,651.11                        | 700.00                         |                               |                                 |                                       |                               |                                |                                 |
| 825           | Manage Cash              | 18,077.16                       | 11,502.57                      | 26,396.85                     | 88.13                           | 67.68                                 |                               | 15.02                          |                                 |
| 826           | Manage Financing         | 27,837.01                       | 25,611.05                      | 25,419.26                     |                                 |                                       |                               |                                |                                 |
| 835           | Fin Rpts/StatInfo-Int    | 774.69                          | 662.57                         |                               |                                 |                                       |                               |                                |                                 |
| 836           | Fin Rpts/StatInfo-Ext    | 25,764.94                       | 32,254.78                      |                               |                                 |                                       |                               |                                |                                 |
| 842           | Order Mat Eq Sup & Svcs  | 9,207.67                        | 4,225.42                       |                               |                                 |                                       |                               |                                |                                 |
| 843           | Proc Invoices Oth Pmt    | 21,643.91                       | 24,154.57                      |                               |                                 |                                       |                               |                                |                                 |
| 844           | Prep Contr-Svcs & Mat    | 3,174.77                        | 2,670.04                       | 434.82                        |                                 |                                       |                               |                                |                                 |
| 865           | Apply Envir Permits-Air  | 537.65                          | 316.90                         |                               |                                 |                                       |                               |                                |                                 |
| 866           | Apply Envir Permits-Wtr  | 121.48                          | 46.47                          |                               |                                 |                                       |                               |                                |                                 |
| 875           | Comply Ongo Perm-Air     | 17,730.77                       | 24,774.57                      |                               |                                 |                                       |                               |                                |                                 |
| 876           | Comply Ongo-Wstewtr      | 27,416.30                       | 6,915.83                       |                               |                                 |                                       |                               |                                |                                 |
| 877           | Cmply Sld&HazWste OilRel | 13,551.51                       | 14,278.39                      |                               |                                 |                                       |                               |                                |                                 |
| 878           | Cmply Sld&HazWste NonOil | 579.86                          | 1,002.10                       |                               |                                 |                                       |                               |                                |                                 |
| 879           | Comply Ongoing-Noise     |                                 | 32.84                          |                               |                                 |                                       |                               |                                |                                 |



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HECO Charges Billable to associated companies  
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| Sum of Amount |                          | INTER_NARUC Inter Naruc Desc    |                                |                               |                                 |                                       |                               |                                |                                 |
|---------------|--------------------------|---------------------------------|--------------------------------|-------------------------------|---------------------------------|---------------------------------------|-------------------------------|--------------------------------|---------------------------------|
|               |                          | 186200                          | 186300                         | 186400                        | 186410                          | 186430                                | 186450                        | 186460                         | 186470                          |
| Activity      | Activity Desc            | CHARGES BILL TO ASSOC COS-HELCO | CHARGES BILL TO ASSOC COS-MECO | CHARGES BILL TO ASSOC COS-HEI | CHARGES BILL TO ASSOC COS-HEIII | CHARGES BILL TO ASSOC COS-TOOTS (HTB) | CHARGES BILL TO ASSOC COS-ASB | CHARGES BILL TO ASSOC COS-PECS | CHARGES BILL TO ASSOC COS-HEIPC |
| 891           | Maint Exist Comp App     | 18,661.06                       | 18,169.03                      |                               |                                 |                                       |                               |                                |                                 |
| 895           | Op & Maint Mainframe     | 53,233.75                       | 53,233.75                      | 645.02                        |                                 |                                       |                               |                                |                                 |
| 896           | Op & Maint LAN           | 847.08                          | 665.56                         | 29.22                         |                                 |                                       |                               |                                |                                 |
| 900           | Op Desktop OffcTelecom   |                                 |                                | 4,000.00                      |                                 |                                       |                               |                                |                                 |
| 927           | Sell/Dispose Prop        |                                 |                                | 1,630.51                      |                                 |                                       |                               |                                |                                 |
| 928           | Process Easements        | 346.55                          | 128.22                         |                               |                                 |                                       |                               |                                |                                 |
| 930           | Mg Const & Reconfig Fac  |                                 |                                | 6,496.51                      |                                 |                                       |                               |                                |                                 |
| 931           | Care for Bldgs & Grnds   |                                 |                                | 1,102.44                      |                                 |                                       |                               |                                |                                 |
| 932           | Repair Bldgs & Grnds     | 16,832.70                       |                                |                               |                                 |                                       |                               |                                |                                 |
| 934           | Prov&Mg Svcs-Custodial   |                                 |                                | 45.25                         |                                 |                                       |                               |                                |                                 |
| 940           | Mg/Adm Veh Pgm Pol&Proc  | 4,066.95                        | 1,814.14                       |                               |                                 |                                       |                               |                                |                                 |
| 942           | Maint Vehicles           | 1,153.29                        | 28.34                          |                               |                                 |                                       |                               |                                |                                 |
| 950           | Prov Risk Mgt Svcs-Liab  | 73,024.40                       | 65,511.61                      | 905,734.99                    |                                 | 175.61                                | 6,766.01                      | 1,270.77                       |                                 |
| 951           | Prov Risk Mgt Svcs-Prop  | 15,745.31                       | 77,395.51                      | 1,759.29                      |                                 |                                       | 736.08                        | 119.35                         |                                 |
| 952           | Prov Risk Mgt SvcsMarine | 29,356.88                       |                                |                               |                                 |                                       |                               |                                |                                 |
| 953           | Prov Risk Mgt Svcs-WC    | 535.41                          | 663.11                         | 84.83                         |                                 |                                       | 137.73                        | 1,090.00                       |                                 |
| 960           | Mg Svc & Process Doc     | 1,946.32                        | 2,017.70                       |                               |                                 |                                       |                               |                                |                                 |
| 961           | Cond Legal Due Diligence | 597.19                          |                                |                               |                                 |                                       |                               |                                |                                 |
| 966           | Handle & Deliver Mail    |                                 |                                | 360.50                        |                                 |                                       |                               |                                |                                 |
| Grand Total   |                          | 894,311.91                      | 779,235.21                     | 1,088,729.53                  | 88.13                           | 243.29                                | 10,920.56                     | 4,645.88                       | (311.77)                        |



NARUC 1861  
HECO Charges Billable to associated companies  
2007 FEB YTD

| Sum of Amount |                          |   |  |  |             |
|---------------|--------------------------|---|--|--|-------------|
| Activity      | Activity Desc            | 186480<br>CHARGES BILL<br>TO ASSOC COS<br>HEIDI | 186484<br>CHARGES BILL<br>TO HEI<br>PROPERTIES<br>INC. | 186486<br>Charges Billable-<br>Renewable<br>Hawaii, Inc. | Grand Total |
| 100           | Cond Mkt Research-Reg    |   |  |  | 852.15      |
| 110           | Impl Mktg Pgm-Core       |   |  |  | 0.29        |
| 111           | Impl Mktg Pgm-Non Core   |   |  |  | 558.75      |
| 120           | Adm As Avail Contracts   |   |  |  | 507.56      |
| 121           | Adm Firm Cap Contracts   |   |  |  | 342.98      |
| 122           | Eval & Neg New Cont      |   |  |  | 14,322.07   |
| 131           | Rev Enhance-NonReg       |   |  | 3,960.32   | 3,960.32    |
| 200           | Dev Gen Forecasts        |   |  |  | 12,699.46   |
| 201           | Perf Gen Ping Studies    |   |  |  | 12,862.83   |
| 210           | Plan & Approve Projects  |   |  |  | 1,574.33    |
| 211           | Engr Design & Mng Proj   |   |  |  | 128,074.72  |
| 212           | Construct Projects       |   |  |  | 329.40      |
| 220           | Mng Fuel Sup Procuremnt  |   |  |  | 4,549.26    |
| 221           | Adm Fuel Supp Contract   |   |  |  | 6,647.17    |
| 222           | Mng Fuel & Dist Svcs     |   |  |  | 1,079.05    |
| 231           | Mng Fuel Del & Inv Ping  |   |  |  | 4,451.67    |
| 240           | Dev & Maint Pol & Proc   |   |  |  | 605.55      |
| 241           | Op & Mon Fuel Feed Sys   |   |  |  | 21,932.88   |
| 300           | Perf Trans Ping Studies  |   |  |  | 57,269.56   |
| 302           | E&D Trans Fac-OH Ln      |   |  |  | 43,244.52   |
| 304           | E&D Trans Fac-Sub Eq     |   |  |  | 42,042.52   |
| 307           | Mng Trans Projects       |   |  |  | 586.04      |
| 349           | Maint Sub Trans Eq-Pred  |   |  |  | 6,508.70    |
| 400           | Perf Dist Ping Studies   |   |  |  | 1,499.02    |
| 402           | Dev & Maint DistStdSpecs |   |  |  | 8,266.82    |
| 492           | Maint Dist Tools & Eq    |   |  |  | 10,338.74   |
| 600           | Resp to Cus Inq/Svc Req  |   |  |  | 110,517.32  |
| 604           | Maint Cus Account Info   |   |  |  | 14,963.24   |
| 610           | Read Billing Meters      |   |  |  | 20,024.99   |
| 611           | Mg Billing & Acct Prob   |   |  |  | 98.75       |
| 614           | Process Cust Bills       |   |  |  | 100,217.62  |
| 616           | Process Cust Payments    |   |  |  | 10,084.30   |
| 700           | Dev & Adm Business Plans |   |  |  | 13,043.26   |
| 710           | Dev & Mg Fcst-Sales/Load |   |  |  | 8,686.85    |
| 711           | Adm & Impl IRP Pgm-Base  |   |  |  | 55,589.35   |
| 712           | Adm & Impl IRP Pgm-Incr  |   |  |  | 34,857.02   |
| 714           | Adm & Impl DSM Pgm-Incr  |   |  |  | 11,375.70   |
| 721           | Dev Meas & Anlz Perf     |   |  |  | 3,846.05    |
| 722           | Org Dev Strat            |   |  |  | 241.41      |
| 723           | Mg Incent & Recog Pgm    |   |  |  | 738.36      |
| 730           | Rsrch New Technology     |   |  |  | 126,166.27  |
| 735           | Rate Case Filings        |   |  |  | (12,340.81) |



NARUC 1861  
HECO Charges Billable to associated companies  
2007 FEB YTD

| Sum of Amount |                          | 186480                          | 186484                              | 186486                                   | Grand Total |
|---------------|--------------------------|---------------------------------|-------------------------------------|--|-------------|
| Activity      | Activity Desc            | CHARGES BILL TO ASSOC COS HEIDI | CHARGES BILL TO HEI PROPERTIES INC. | Charges Billable- Renewable Hawaii, Inc. |             |
| 736           | Pricing Anlys&Proposals  |                                 |                                     |  | 411.65      |
| 737           | Cost Recov & Rate Adj    |                                 |                                     |  | 1,970.94    |
| 738           | Othr PUC Reg Filings     |                                 |                                     |  | 7,999.74    |
| 739           | PUC Cap Proj Filings     |                                 |                                     |  | 65.83       |
| 745           | Maint Rel-Leg & Govt Ag  |                                 |                                     |  | 5,859.82    |
| 750           | Maint Rel- Cust          |                                 |                                     |  | 5,403.29    |
| 751           | Adm Informational Ad     |                                 |                                     |  | 295.15      |
| 752           | Maint Rel-Media          |                                 |                                     |  | 5,102.52    |
| 755           | Maint Rel-BOD            |                                 |                                     |  | 11,202.18   |
| 756           | Maint Rel-Invest         |                                 |                                     |  | 18,966.65   |
| 760           | Audits-Internal          |                                 |                                     |  | 2,062.64    |
| 761           | Audits-External          |                                 |                                     |  | 489.29      |
| 765           | Empl Pol Prac Proc       |                                 |                                     |  | 1,262.05    |
| 766           | Maint Employee Recds     |                                 |                                     |  | 771.60      |
| 767           | Recruit PolPracProc      |                                 |                                     |  | 2,725.17    |
| 775           | Empl Comp PolPracProc    |                                 |                                     |  | 20,241.98   |
| 776           | Ben Plan PolPracProc     |                                 |                                     |  | 4,637.80    |
| 777           | Process Payroll          |                                 |                                     |  | 4,868.48    |
| 778           | Adm Flexible Ben Pgm     |                                 |                                     |  | 3,930.53    |
| 779           | Adm Retirement Pgm       |                                 |                                     |  | 20,364.98   |
| 780           | AdmBen Oth than Flex Ret |                                 |                                     |  | 1,900.74    |
| 788           | Conduct Empl Training    |                                 |                                     |  | 814.13      |
| 789           | Attend Training          |                                 |                                     |  | 775.83      |
| 805           | Mg BU & Oth Lbr Agmnt    |                                 |                                     |  | 2,537.29    |
| 807           | Co-wide Empl Commun      |                                 |                                     |  | 3,657.23    |
| 815           | Dev Adm Acctg Pol Proc   |                                 |                                     |  | 4,403.72    |
| 817           | Maint Fixed Asset Rcds   |                                 |                                     |  | 22,888.86   |
| 818           | Maint G/L & Stat Info    |                                 |                                     | 3,381.36                                 | 6,581.63    |
| 819           | Adm Tax Return & Reports |                                 |                                     |  | 4,351.11    |
| 825           | Manage Cash              | 48.04                           | 39.93                               |  | 56,235.38   |
| 826           | Manage Financing         |                                 |                                     |  | 78,867.32   |
| 835           | Fin Rpts/StatInfo-Int    |                                 |                                     |  | 1,437.26    |
| 836           | Fin Rpts/StatInfo-Ext    |                                 |                                     |  | 58,019.72   |
| 842           | Order Mat Eq Sup & Svcs  |                                 |                                     |  | 13,433.09   |
| 843           | Proc Invoices Oth Pmt    |                                 |                                     |  | 45,798.48   |
| 844           | Prep Contr-Svcs & Mat    |                                 |                                     |  | 6,279.63    |
| 865           | Apply Envir Permits-Air  |                                 |                                     |  | 854.55      |
| 866           | Apply Envir Permits-Wtr  |                                 |                                     |  | 167.95      |
| 875           | Comply Ongo Perm-Air     |                                 |                                     |  | 42,505.34   |
| 876           | Comply Ongo-Wstewtr      |                                 |                                     |  | 34,332.13   |
| 877           | Cmply Sld&HazWste OilRel |                                 |                                     |  | 27,829.90   |
| 878           | Cmply Sld&HazWste NonOil |                                 |                                     |  | 1,581.96    |
| 879           | Comply Ongoing-Noise     |                                 |                                     |  | 32.84       |



NARUC 1861  
HECO Charges Billable to associated companies  
2007 FEB YTD

| Sum of Amount |                          | 186480                          | 186484                              | 186486                                   | Grand Total  |
|---------------|--------------------------|---------------------------------|-------------------------------------|--|--------------|
| Activity      | Activity Desc            | CHARGES BILL TO ASSOC COS HEIDI | CHARGES BILL TO HEI PROPERTIES INC. | Charges Billable- Renewable Hawaii, Inc. |              |
| 891           | Maint Exist Comp App     |                                 |                                     |  | 36,830.09    |
| 895           | Op & Maint Mainframe     |                                 |                                     |  | 107,112.52   |
| 896           | Op & Maint LAN           |                                 |                                     |  | 1,541.86     |
| 900           | Op Desktop OffcTelecom   |                                 |                                     |  | 4,000.00     |
| 927           | Sell/Dispose Prop        |                                 |                                     |  | 1,630.51     |
| 928           | Process Easements        |                                 |                                     |  | 474.77       |
| 930           | Mg Const & Reconfig Fac  |                                 |                                     |  | 6,496.51     |
| 931           | Care for Bldgs & Grnds   |                                 |                                     |  | 1,102.44     |
| 932           | Repair Bldgs & Grnds     |                                 |                                     |  | 16,832.70    |
| 934           | Prov&Mg Svcs-Custodial   |                                 |                                     |  | 45.25        |
| 940           | Mg/Adm Veh Pgm Pol&Proc  |                                 |                                     |  | 5,881.09     |
| 942           | Maint Vehicles           |                                 |                                     |  | 1,181.63     |
| 950           | Prov Risk Mgt Svcs-Liab  |                                 |                                     | 11.61                                    | 1,052,495.00 |
| 951           | Prov Risk Mgt Svcs-Prop  |                                 |                                     |  | 95,755.54    |
| 952           | Prov Risk Mgt SvcsMarine |                                 |                                     |  | 29,356.88    |
| 953           | Prov Risk Mgt Svcs-WC    |                                 |                                     |  | 2,511.08     |
| 960           | Mg Svc & Process Doc     |                                 |                                     |  | 3,964.02     |
| 961           | Cond Legal Due Diligence |                                 |                                     |  | 597.19       |
| 966           | Handle & Deliver Mail    |                                 |                                     |  | 360.50       |
| Grand Total   |                          | 48.04                           | 39.93                               | 7,353.29                                 | 2,785,304.00 |



Intercompany charges  
2006

| TRCT CO | CCYY IND | NARUC | NARUC desc                   | Activity | RA  | EE  | Activity Desc            | Amount     |
|---------|----------|-------|------------------------------|----------|-----|-----|--------------------------|------------|
| HECO    | 2006     | 184   | CLEARING ACCOUNTS            | 895      | PEI | 550 | Op & Maint Mainframe     | 54,266.63  |
| HECO    | 2006     | 426   | MISC INC DEDUCTIONS          | 753      | P3V | 550 | Maint Rel-Community      | 550.00     |
| HECO    | 2006     | 921   | ADMIN & GENL EXP - NLABR     | 700      | P8V | 550 | Dev & Adm Business Plans | 550.65     |
| HECO    | 2006     | 921   | ADMIN & GENL EXP - NLABR     | 700      | P9P | 550 | Dev & Adm Business Plans | 90,234.21  |
| HECO    | 2006     | 921   | ADMIN & GENL EXP - NLABR     | 701      | P9P | 550 | Dev & Mg Forecasts       | (88.77)    |
| HECO    | 2006     | 921   | ADMIN & GENL EXP - NLABR     | 723      | P9P | 550 | Mg Incent & Recog Pgm    | 294,437.21 |
| HECO    | 2006     | 921   | ADMIN & GENL EXP - NLABR     | 735      | P9P | 550 | Rate Case Filings        | 89,449.81  |
| HECO    | 2006     | 921   | ADMIN & GENL EXP - NLABR     | 755      | P9P | 550 | Maint Rel-BOD            | 120,291.90 |
| HECO    | 2006     | 921   | ADMIN & GENL EXP - NLABR     | 756      | P9P | 550 | Maint Rel-Invest         | 598,856.12 |
| HECO    | 2006     | 921   | ADMIN & GENL EXP - NLABR     | 760      | P9P | 550 | Audits-Internal          | 4,404.40   |
| HECO    | 2006     | 921   | ADMIN & GENL EXP - NLABR     | 761      | P9P | 550 | Audits-External          | 2,141.33   |
| HECO    | 2006     | 921   | ADMIN & GENL EXP - NLABR     | 775      | P9P | 550 | Empl Comp PolPracProc    | 268,716.45 |
| HECO    | 2006     | 921   | ADMIN & GENL EXP - NLABR     | 815      | P9P | 550 | Dev Adm Acctg Pol Proc   | 33,641.55  |
| HECO    | 2006     | 921   | ADMIN & GENL EXP - NLABR     | 819      | P9P | 550 | Adm Tax Return & Reports | 159,003.63 |
| HECO    | 2006     | 921   | ADMIN & GENL EXP - NLABR     | 825      | P9P | 550 | Manage Cash              | 0.30       |
| HECO    | 2006     | 921   | ADMIN & GENL EXP - NLABR     | 826      | P9P | 550 | Manage Financing         | (239.70)   |
| HECO    | 2006     | 921   | ADMIN & GENL EXP - NLABR     | 836      | P9P | 550 | Fin Rpts/StatInfo-Ext    | 567,604.01 |
| HECO    | 2006     | 926   | EMPLOYEE PENSIONS & BENEFITS | 779      | P9P | 550 | Adm Retirement Pgm       | 203,593.56 |



Intercompany charges  
2007 FEB YTD

| DSTRCT_CODE | CGYY_IND | NARUC | NARUC desc                   | Activity | RA  | EE  | Activity Desc            | Amount     |
|-------------|----------|-------|------------------------------|----------|-----|-----|--------------------------|------------|
| HECO        | 2007     | 184   | CLEARING ACCOUNTS            | 895      | PEI | 550 | Op & Maint Mainframe     | 7,437.33   |
| HECO        | 2007     | 921   | ADMIN & GENL EXP - NLABR     | 700      | P9P | 550 | Dev & Adm Business Plans | 47,492.03  |
| HECO        | 2007     | 921   | ADMIN & GENL EXP - NLABR     | 723      | P9P | 550 | Mg Incent & Recog Pgm    | 53,941.92  |
| HECO        | 2007     | 921   | ADMIN & GENL EXP - NLABR     | 735      | P9P | 550 | Rate Case Filings        | 15,528.15  |
| HECO        | 2007     | 921   | ADMIN & GENL EXP - NLABR     | 755      | P9P | 550 | Maint Rel-BOD            | 24,389.29  |
| HECO        | 2007     | 921   | ADMIN & GENL EXP - NLABR     | 756      | P9P | 550 | Maint Rel-Invest         | 74,257.63  |
| HECO        | 2007     | 921   | ADMIN & GENL EXP - NLABR     | 760      | P9P | 550 | Audits-Internal          | 3,675.22   |
| HECO        | 2007     | 921   | ADMIN & GENL EXP - NLABR     | 775      | P9P | 550 | Empl Comp PolPracProc    | 27,029.52  |
| HECO        | 2007     | 921   | ADMIN & GENL EXP - NLABR     | 815      | P9P | 550 | Dev Adm Acctg Pol Proc   | 1,491.72   |
| HECO        | 2007     | 921   | ADMIN & GENL EXP - NLABR     | 819      | P9P | 550 | Adm Tax Return & Reports | 25,395.31  |
| HECO        | 2007     | 921   | ADMIN & GENL EXP - NLABR     | 836      | P9P | 550 | Fin Rpts/StatInfo-Ext    | 123,175.04 |
| HECO        | 2007     | 926   | EMPLOYEE PENSIONS & BENEFITS | 779      | P9P | 550 | Adm Retirement Pgm       | 27,518.68  |

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Please provide complete copies of the consolidating financial statement workpapers (income statements and balance sheets) for the HEI financial statements issued publicly for calendar 2005 and calendar 2006. Include in your response the most detailed available stand-alone income statements and balance sheets for each legal entity within HEI for each period/date, as well as details regarding elimination entries and any reclassifications made in preparing consolidated public financial statements.

HECO Response:

The consolidating financial statement for HECO issued publicly for calendar year 2005 and 2006 is attached. The requested information for HEI consolidated elimination entries and any reclassifications made in preparing the consolidated public financial statements is no longer required to be filed with the SEC and, therefore, is no longer part of the public record. Relevant confidential data will be provided subject to a protective order, if requested by the Consumer Advocate.



1/18/04

HAWAIIAN ELECTRIC COMPANY, INC.  
CONSOLIDATED REPORT 1 HISTORY FOR UTILITIES  
December 2005

|   | HECO                 | HELCO              | MECO               | RHI      | ELIMINATIONS | HECO CONSOL          |
|---|----------------------|--------------------|--------------------|----------|--------------|----------------------|
| R Residential                             | 378,855,318          | 118,132,285        | 110,243,208        |          |              | 607,030,809          |
| G General Service                         | 70,059,412           | 115,523,013        | 27,751,093         |          |              | 213,333,518          |
| H Comd Cook, Heat, Ref                    | 7,993,777            | 4,888,082          | 6,112,427          |          |              | 18,974,286           |
| J Genl Svc Demand                         | 311,638,364          | 0                  | 67,826,068         |          |              | 379,462,432          |
| K General Service                         | 0                    | 0                  | 0                  |          |              | 0                    |
| P Large Power                             | 428,468,539          | 54,079,524         | 88,489,961         |          |              | 569,016,124          |
| Public Hwy Lighting                       | 5,948,818            | 1,135,568          | 1,351,825          |          |              | 8,434,008            |
| U General Service                         | 398,341              | 0                  | 0                  |          |              | 398,341              |
| Other Operating Revenues                  | 3,062,949            | 672,847            | 1,324,407          |          |              | 5,060,003            |
| <b>OPERATING REVENUES TOTAL</b>           | <b>1,204,219,418</b> | <b>294,411,128</b> | <b>303,078,987</b> | <b>0</b> | <b>0</b>     | <b>1,801,709,531</b> |
| Fuel Oil                                  | 420,621,201          | 65,271,942         | 153,857,102        |          |              | 639,650,245          |
| Purchased Power                           | 339,119,842          | 102,744,329        | 16,255,585         |          |              | 458,119,756          |
| <b>FUEL OIL &amp; P.P. EXPENSES TOTAL</b> | <b>759,841,043</b>   | <b>168,016,271</b> | <b>170,112,687</b> | <b>0</b> | <b>0</b>     | <b>1,097,779,001</b> |
| Other Operation                           | 22,457,996           | 7,784,068          | 9,653,499          |          |              | 39,895,563           |
| Transmission                              | 3,970,794            | 939,233            | 630,229            |          |              | 5,440,256            |
| Distribution                              | 9,649,514            | 2,080,715          | 2,538,858          |          |              | 14,179,087           |
| Customer Accounts                         | 11,148,829           | 3,288,109          | 2,723,772          |          |              | 17,108,710           |
| Customer Service                          | 12,289,069           | 2,458,256          | 3,070,126          |          |              | 17,816,450           |
| Administrative                            | 58,402,077           | 9,918,227          | 10,199,589         |          |              | 78,519,873           |
| <b>OTHER OPERATIONS EXPENSES TOTAL</b>    | <b>117,818,279</b>   | <b>26,428,607</b>  | <b>28,717,053</b>  | <b>0</b> | <b>0</b>     | <b>172,961,939</b>   |



|                                       | HECO               | HELCO             | MECO              | ELI       | ELIMINATIONS       | HECO CONSOL        |
|---------------------------------------|--------------------|-------------------|-------------------|-----------|--------------------|--------------------|
| Production                            | 34,670,824         | 10,328,340        | 9,163,199         |           |                    | 54,159,063         |
| Transmission                          | 3,660,864          | 1,473,683         | 1,128,601         |           |                    | 6,460,866          |
| Distribution                          | 13,462,116         | 4,610,565         | 2,698,622         |           |                    | 20,699,503         |
| Administrative                        | 564,172            | 194,032           | 204,264           |           |                    | 822,468            |
| <b>MAINTENANCE EXPENSES TOTAL</b>     | <b>52,847,376</b>  | <b>16,505,630</b> | <b>13,180,686</b> | <b>0</b>  | <b>0</b>           | <b>82,241,692</b>  |
| Public Service Company                | 70,060,129         | 17,537,766        | 17,846,810        |           |                    | 108,043,407        |
| Franchise Royalty                     | 28,497,781         | 7,220,065         | 7,339,839         |           |                    | 44,057,773         |
| P.U.C. Fees                           | 6,620,402          | 1,498,620         | 1,618,185         |           |                    | 9,002,407          |
| FICA, Unemployment, Other             | 5,753,344          | 1,511,510         | 1,305,181         |           |                    | 8,191,185          |
| <b>TAXES OTHER THAN INCOME TOTAL</b>  | <b>112,081,526</b> | <b>27,208,201</b> | <b>28,007,815</b> | <b>0</b>  | <b>0</b>           | <b>167,294,722</b> |
| State Income - Current                | (723,929)          | (1,147,957)       | 494,534           |           |                    | (1,407,252)        |
| - Deferred                            | 1,621,834          | 373,942           | 724,710           |           |                    | 3,020,376          |
| Federal Income - Current              | 11,737,763         | 5,622,294         | 6,549,339         |           |                    | 23,798,383         |
| - Deferred                            | 11,468,148         | 1,189,894         | 3,450,383         |           |                    | 16,145,815         |
| Net Federal ITC Deferred              | 0                  | 0                 | 0                 |           |                    | 0                  |
| Net State ITC Deferred                | 1,722,870          | 1,667,817         | 160,624           |           |                    | 3,470,511          |
| <b>INCOME TAXES TOTAL</b>             | <b>28,143,576</b>  | <b>7,535,960</b>  | <b>11,349,677</b> | <b>0</b>  | <b>0</b>           | <b>48,029,253</b>  |
| Interest on Long Term Debt            | 24,838,668         | 6,606,105         | 9,270,823         |           |                    | 39,713,856         |
| Amount on Net Bond Prem & Exp         | 1,379,319          | 412,479           | 420,148           |           |                    | 2,211,948          |
| Dividends owed by Trust 1             | 2,722,802          | 2,023,732         | 660,000           | 0         | (1,661,580)        | 3,705,054          |
| Interest to Alcoa Cos                 | 3,391,898          | 99,923            | 385,211           |           |                    | 3,777,032          |
| Other Interest charges                |                    |                   |                   |           |                    |                    |
| <b>INTEREST CHARGES TOTAL</b>         | <b>32,231,017</b>  | <b>9,142,239</b>  | <b>9,726,182</b>  | <b>0</b>  | <b>(1,661,580)</b> | <b>49,407,858</b>  |
| Other Inc & Ded - Other Taxes         | (12,500)           | 0                 | (506)             |           |                    | (13,006)           |
| - Federal                             | 363,731            | 22,794            | (62,666)          | 0         |                    | 343,360            |
| - State                               | 70,167             | 4,677             | (11,659)          | 0         |                    | 62,785             |
| Investment Income                     | 2,177,241          | 468,814           | 322,185           |           | (1,661,580)        | 1,274,663          |
| Other Income & Gain                   | 2,736,709          | 82,658            | 477,048           |           |                    | 3,299,612          |
| Other A & G Expenses                  | (1,205,233)        | (49,763)          | (86,443)          | (178,225) |                    | (1,529,669)        |
| <b>OTHER INCOMEDEDUCTIONS, NET</b>    | <b>4,153,115</b>   | <b>928,277</b>    | <b>627,159</b>    | <b>0</b>  | <b>(1,661,580)</b> | <b>3,437,745</b>   |
| Depreciation Expense                  | 70,060,628         | 27,176,915        | 25,008,454        |           |                    | 122,899,993        |
| AFUDC for Equity Funds                | 4,031,194          | 173,949           | 889,809           |           |                    | 5,101,722          |
| AFUDC for Borrowed Funds              | 1,574,894          | 83,491            | 361,636           |           |                    | 2,020,021          |
| Equity in Earnings of Heco Cap Trunks | 100,816            |                   |                   |           |                    | 100,816            |
| Dividends on Preferred Stock          | 1,079,807          | 533,750           | 361,242           |           |                    | 1,904,699          |
| Dividends on Common Stock             | 50,865,000         | 9,720,500         | 13,729,690        |           |                    | 74,344,000         |
| <b>OTHER INCOME STMT. ITEMS</b>       | <b>128,366,169</b> | <b>37,668,601</b> | <b>40,407,441</b> | <b>0</b>  | <b>0</b>           | <b>208,434,161</b> |
| <b>BALANCE TO COMMON</b>              | <b>41,849,655</b>  | <b>12,623,174</b> | <b>18,508,394</b> | <b>0</b>  | <b>0</b>           | <b>72,901,908</b>  |

• Effective 1/04

Prepared by D Ueda



[illegible]



|   | HECO        | HELCO       | MECO        | RHI       | ELIMINATIONS  | HECO CONSOL |
|---|-------------|-------------|-------------|-----------|---------------|-------------|
| Common Stock                                  | 85,387,140  | 21,773,150  | 15,826,020  | 481,000   | (38,080,170)  | 85,387,140  |
| Stock Premium & Expense                       | 299,186,123 | 78,869,827  | 79,093,732  |           | (157,863,559) | 299,186,123 |
| Retained Earnings                             | 654,685,877 | 88,784,231  | 99,270,365  | (363,083) | (187,671,512) | 854,685,878 |
| Pref'd Stk - Not Subj. to Mand. Red.          | 22,293,140  | 7,000,000   | 5,000,000   |           |               | 34,293,140  |
| Pref'd Stk - Subj. to Mand. Red.              | 0           | 0           | 0           |           |               | 0           |
| First Mortgage Bonds                          | 0           | 0           | 0           |           |               | 0           |
| Promissory Note - Sp Purp Rev Bonds           | 449,586,267 | 121,008,865 | 143,851,879 |           |               | 714,447,011 |
| Funds on Deposit - Trustee                    | 0           | 0           | 0           |           |               | 0           |
| Long-Term Debt Assoc. Cos.                    | 31,546,400  | 10,000,000  | 10,000,000  |           |               | 51,546,400  |
| Other Long-Term Debt                          | 0           | 0           | 0           |           |               | 0           |
| Current Portion Long-Term Debt                | 0           | 0           | 0           |           |               | 0           |
| Preferred Stock - Sinking Fund                | 0           | 0           | 0           |           |               | 0           |
| Bank Loans                                    |             |             |             |           |               | 0           |
| Commercial Paper                              | 136,164,954 | 0           | 0           |           |               | 136,164,954 |
| Borrow. From Assoc. Cos.                      | 5,250,000   | 49,700,000  | 0           |           | (54,950,000)  | 0           |
| Drafts & Checks Payable                       | 31,846,612  | 11,836,686  | 2,718,478   |           |               | 46,401,774  |
| Fuel Oil Payable                              | 44,883,497  | 1,872,113   | 4,739,529   |           |               | 51,495,139  |
| Trade Accounts Payable                        | 10,112,918  | 5,794,221   | 8,396,571   |           |               | 24,303,710  |
| Interest Payable                              | 6,985,911   | 1,310,815   | 1,584,389   |           | (201,728)     | 9,879,387   |
| Dividends Payable                             | 230,917     | 0           | 79,427      |           |               | 310,344     |
| Dividends Payable by Trust f                  |             |             |             |           |               | 0           |
| Taxes Accrued - Income                        | 8,127,904   | 261,712     | 1,135,982   |           |               | 9,525,598   |
| Taxes Accrued - Other                         | 75,925,950  | 23,990,367  | 24,141,205  |           |               | 124,057,522 |
| Other A/P & Accruals - <i>INCL. IN PERIOD</i> | 24,970,945  | 3,565,454   | 7,791,432   | 10,150    | 793,618       | 37,131,599  |
| Deferred Income Taxes                         | 160,350,825 | 25,147,008  | 22,875,870  |           |               | 208,373,703 |
| Investment Tax Credits                        | 31,208,598  | 12,693,499  | 11,425,309  |           |               | 55,327,406  |
| Customer Advances                             | 1,495,464   | 28,586,714  | 5,788,200   |           |               | 35,860,378  |
| Other Deferred Credits                        | 20,026,018  | 3,185,159   | 4,605,646   |           |               | 27,816,823  |
| Regulatory Liabilities                        | 148,898,310 | 40,534,722  | 29,770,528  |           |               | 219,203,560 |
| CONTRIB. IN AID OF CONSTR.                    | 156,287,107 | 56,555,051  | 43,421,327  |           |               | 256,263,485 |

|                             |               |             |             |         |   |   |               |               |
|-----------------------------|---------------|-------------|-------------|---------|---|---|---------------|---------------|
| TOTAL CAPITAL & LIABILITIES | 2,405,450,877 | 592,459,594 | 521,495,887 | 128,067 | 0 | 0 | (438,073,351) | 3,081,461,074 |
|-----------------------------|---------------|-------------|-------------|---------|---|---|---------------|---------------|

|   |              |              |           |
|---|--------------|--------------|-----------|
| Other A/P & Accruals (per HWR96X rpt)                           | (57,526,506) | (11,822,705) | (641,095) |
| Reclass cash overdraft  |              |              |           |
| Reclass retirement liability to other current assets (24206900) | 82,497,451   | 15,388,159   | 8,432,527 |
|   | 24,970,945   | 3,565,454    | 7,791,432 |

|              |             |
|--------------|-------------|
| Common stock | 384,573,263 |
| Other OCI    | 275,442     |
|              | 384,848,705 |

|                  |             |
|------------------|-------------|
| Accounts Payable | 132,190,354 |
| Interco payable  | 752,378     |
|                  | 132,942,732 |

|                 |             |
|-----------------|-------------|
| Other liab      | 289,719,326 |
| Interco payable | (752,378)   |
|                 | 288,966,948 |



**16. Consolidating financial information (unaudited)**

**Consolidating balance sheet**

|  | December 31, 2005 |           |           |     |                                    |                   |
|--|-------------------|-----------|-----------|-----|------------------------------------|-------------------|
| (in thousands)   | HECO              | HELCO     | MECO      | RHI | Reclassifications and Eliminations | HECO Consolidated |
| <b>Assets</b>  |                   |           |           |     |                                    |                   |
| Utility plant, at cost   |                   |           |           |     |                                    |                   |
| Land   | \$ 25,899         | 3,018     | 4,317     | -   | -                                  | \$ 33,034         |
| Plant and equipment  | 2,304,142         | 768,714   | 878,530   | -   | -                                  | 3,749,386         |
| Less accumulated depreciation                                  | (898,351)         | (275,444) | (282,742) | -   | -                                  | (1,456,537)       |
| Plant acquisition adjustment, net                              | -                 | -         | 145       | -   | -                                  | 145               |
| Construction in progress                                       | 108,060           | 11,414    | 28,282    | -   | -                                  | 147,756           |
| Net utility plant  | 1,539,550         | 506,702   | 428,532   | -   | -                                  | 2,473,784         |
| Investment in wholly owned subsidiaries, at equity             | 383,715           | -         | -         | -   | (383,715) [2]                      | -                 |
| <b>Current assets</b>  |                   |           |           |     |                                    |                   |
| Cash and equivalents   | 8                 | 3         | 4         | 128 | -                                  | 143               |
| Advances to affiliates   | 49,700            | -         | 5,250     | -   | (54,950) [1]                       | -                 |
| Customer accounts receivable, net                              | 81,870            | 21,852    | 20,373    | -   | -                                  | 123,895           |
| Accrued unbilled revenues, net                                 | 62,701            | 14,875    | 13,945    | -   | -                                  | 91,321            |
| Other accounts receivable, net                                 | 10,212            | 2,772     | 1,185     | -   | 592 [1]                            | 14,761            |
| Fuel oil stock, at average cost                                | 84,308            | 7,888     | 13,273    | -   | -                                  | 85,450            |
| Materials & supplies, at average cost                          | 14,128            | 3,204     | 9,642     | -   | -                                  | 26,974            |
| Prepayments and other  | 89,982            | 15,828    | 8,891     | -   | -                                  | 114,902           |
| Total current assets   | 372,910           | 66,103    | 72,663    | 128 | (54,358)                           | 457,446           |
| <b>Other long-term assets</b>                                  |                   |           |           |     |                                    |                   |
| Regulatory assets  | 81,682            | 14,598    | 14,440    | -   | -                                  | 110,718           |
| Unamortized debt expense                                       | 9,778             | 2,382     | 2,221     | -   | -                                  | 14,361            |
| Other  | 17,816            | 3,898     | 3,640     | -   | -                                  | 25,152            |
| Total other long-term assets                                   | 109,276           | 20,654    | 20,301    | -   | -                                  | 150,231           |
|  | \$2,405,451       | 592,459   | 521,496   | 128 | (438,073)                          | \$3,081,461       |
| <b>Capitalization and liabilities</b>                          |                   |           |           |     |                                    |                   |
| <b>Capitalization</b>  |                   |           |           |     |                                    |                   |
| Common stock equity  | \$1,039,269       | 189,407   | 194,190   | 118 | (383,715) [2]                      | \$ 1,039,269      |
| Cumulative preferred stock-not subject to mandatory redemption | 22,293            | 7,000     | 5,000     | -   | -                                  | 34,293            |
| Long-term debt, net  | 481,132           | 131,009   | 153,852   | -   | -                                  | 765,993           |
| Total capitalization   | 1,542,694         | 327,416   | 353,042   | 118 | (383,715)                          | 1,839,545         |
| <b>Current liabilities</b>                                     |                   |           |           |     |                                    |                   |
| Short-term borrowings-nonaffiliates                            | 136,165           | -         | -         | -   | -                                  | 136,166           |
| Short-term borrowings-affiliate                                | 5,250             | 49,700    | -         | -   | (54,950) [1]                       | -                 |
| Accounts payable   | 86,843            | 19,503    | 15,858    | -   | -                                  | 122,201           |
| Interest and preferred dividends payable                       | 7,217             | 1,311     | 1,684     | -   | (202) [1]                          | 9,890             |
| Taxes accrued  | 84,054            | 24,252    | 25,277    | -   | -                                  | 133,583           |
| Other  | 24,971            | 3,568     | 7,791     | 10  | 794 [1]                            | 37,132            |
| Total current liabilities                                      | 344,500           | 98,332    | 50,587    | 10  | (54,358)                           | 439,071           |
| <b>Deferred credits and other liabilities</b>                  |                   |           |           |     |                                    |                   |
| Deferred income taxes  | 160,351           | 25,147    | 22,876    | -   | -                                  | 208,374           |
| Regulatory liabilities   | 148,898           | 40,535    | 28,771    | -   | -                                  | 219,204           |
| Unamortized tax credits  | 31,209            | 12,893    | 11,425    | -   | -                                  | 55,327            |
| Other  | 21,522            | 31,781    | 10,374    | -   | -                                  | 63,677            |
| Total deferred credits and other liabilities                   | 361,980           | 110,156   | 74,446    | -   | -                                  | 546,582           |
| Contributions in aid of construction                           | 156,287           | 58,555    | 43,421    | -   | -                                  | 258,263           |
|  | \$2,405,451       | 592,459   | 521,496   | 128 | (438,073)                          | \$3,081,461       |



**Consolidating statement of income**

| Year ended December 31, 2005                          |             |         |         |       |  |                      |
|---|-------------|---------|---------|-------|--|----------------------|
| (In thousands)  | HECO        | HELCO   | MECO    | RHI   | Reclassi-<br>fications<br>and<br>Elimina-<br>tions | HECO<br>Consolidated |
| Operating revenues                                    | \$1,204,220 | 294,411 | 303,079 | -     | -  | \$1,801,710          |
| Operating expenses                                    |             |         |         |       |  |                      |
| Fuel oil  | 420,521     | 65,272  | 153,857 | -     | -  | 639,650              |
| Purchased power                                       | 339,120     | 102,744 | 16,258  | -     | -  | 458,120              |
| Other operation                                       | 117,818     | 26,427  | 26,717  | -     | -  | 172,962              |
| Maintenance   | 52,547      | 16,504  | 13,191  | -     | -  | 82,242               |
| Depreciation  | 70,687      | 27,177  | 25,006  | -     | -  | 122,870              |
| Taxes, other than income taxes                        | 112,082     | 27,205  | 28,008  | -     | -  | 167,295              |
| Income taxes  | 26,144      | 7,535   | 11,350  | -     | -  | 45,029               |
|   | 1,138,919   | 272,864 | 278,385 | -     | -  | 1,688,168            |
| Operating income                                      | 65,301      | 21,547  | 26,694  | -     | -  | 113,542              |
| Other income  |             |         |         |       |  |                      |
| Allowance for equity funds used during construction   | 4,031       | 174     | 900     | -     | -  | 5,105                |
| Equity in earnings of subsidiaries                    | 30,952      | -       | -       | -     | (30,952)   | [2]                  |
| Other, net  | 4,254       | 526     | 626     | (176) | (1,682)  | [1]                  |
|   | 39,237      | 700     | 1,526   | (176) | (32,644)   | 8,643                |
| Income before interest and other charges              | 104,538     | 22,247  | 28,220  | (176) | (32,644)   | 122,185              |
| Interest and other charges                            |             |         |         |       |  |                      |
| Interest on long-term debt                            | 26,866      | 7,256   | 8,921   | -     | -  | 43,063               |
| Amortization of net bond premium and expense          | 1,379       | 413     | 420     | -     | -  | 2,212                |
| Other interest charges                                | 3,966       | 1,474   | 385     | -     | (1,692)  | [1]                  |
| Allowance for borrowed funds used during construction | (1,575)     | (53)    | (392)   | -     | -  | (2,020)              |
| Preferred stock dividends of subsidiaries             | -           | -       | -       | -     | 915  | [3]                  |
|   | 30,656      | 9,080   | 9,334   | -     | (777)  | 48,303               |
| Income before preferred stock dividends of HECO       | 73,882      | 13,157  | 18,886  | (176) | (31,867)   | 73,882               |
| Preferred stock dividends of HECO                     | 1,080       | 534     | 381     | -     | (915)  | [3]                  |
| Net income for common stock                           | \$ 72,802   | 12,623  | 18,505  | (176) | (30,952)   | \$ 72,802            |

**Consolidating statement of retained earnings**

| Year ended December 31, 2005           |           |         |          |       |  |                      |
|--|-----------|---------|----------|-------|--|----------------------|
| (In thousands)                         | HECO      | HELCO   | MECO     | RHI   | Reclassi-<br>fications<br>and<br>Elimina-<br>tions | HECO<br>Consolidated |
| Retained earnings, beginning of period | \$632,779 | 85,861  | 94,492   | (187) | (180,168)  | [2]                  |
| Net income for common stock            | 72,802    | 12,623  | 18,505   | (176) | (30,952)   | [2]                  |
| Common stock dividends                 | (50,895)  | (9,721) | (13,728) | -     | 23,449   | [2]                  |
| Retained earnings, end of period       | \$654,686 | 88,763  | 99,269   | (363) | (187,669)  | \$654,686            |



HAWAIIAN ELECTRIC COMPANY, INC.  
CONSOLIDATED REPORT 1 HISTORY FOR UTILITIES  
December 2006

|   | <u>HECO</u>          | <u>HELCO</u>       | <u>MECO</u>        | <u>RHI</u> | <u>ELIMINATIONS</u> | <u>HECO CONSOL</u>   |
|---|----------------------|--------------------|--------------------|------------|---------------------|----------------------|
| R Residential                             | 428,238,186          | 137,258,798        | 124,827,264        |            |                     | 690,425,228          |
| G General Service                         | 77,909,023           | 131,775,715        | 31,442,483         |            |                     | 241,127,221          |
| H Coml Cook, Heat, Ref                    | 8,198,754            | 4,819,123          | 6,703,063          |            |                     | 19,720,940           |
| J Genl Svc Demand                         | 356,210,667          | 0                  | 78,482,688         |            |                     | 434,673,355          |
| K General Service                         | 0                    | 0                  | 0                  |            |                     | 0                    |
| P Large Power                             | 483,590,817          | 63,837,829         | 100,837,728        |            |                     | 648,066,374          |
| Public Hwy Lighting                       | 8,826,346            | 1,295,033          | 1,542,725          |            |                     | 9,664,104            |
| U General Service                         | 591,132              | 0                  | 0                  |            |                     | 591,132              |
| Other Operating Revenues                  | 4,027,498            | 767,151            | 1,349,214          |            |                     | 6,143,863            |
| <b>OPERATING REVENUES TOTAL</b>           | <b>1,365,593,403</b> | <b>339,553,649</b> | <b>345,285,165</b> | <b>0</b>   | <b>0</b>            | <b>2,050,412,217</b> |
| Fuel Oil                                  | 516,238,289          | 85,229,393         | 180,271,987        |            |                     | 781,739,669          |
| Purchased Power                           | 358,115,022          | 122,323,857        | 26,454,365         |            |                     | 506,893,244          |
| <b>FUEL OIL &amp; P.P. EXPENSES TOTAL</b> | <b>874,353,311</b>   | <b>207,553,250</b> | <b>206,726,352</b> | <b>0</b>   | <b>0</b>            | <b>1,288,632,913</b> |
| Other Operation                           | 25,263,849           | 8,874,462          | 10,290,827         |            |                     | 44,429,138           |
| Transmission                              | 4,236,445            | 1,065,091          | 462,047            |            |                     | 5,763,583            |
| Distribution                              | 9,039,730            | 2,274,066          | 2,649,946          |            |                     | 13,963,742           |
| Customer Accounts                         | 12,316,784           | 3,504,436          | 2,775,826          |            |                     | 18,597,046           |
| Customer Service                          | 15,336,120           | 2,501,765          | 3,694,718          |            |                     | 21,532,603           |
| Administrative                            | 60,107,463           | 11,888,906         | 10,368,828         |            |                     | 82,163,197           |
| <b>OTHER OPERATIONS EXPENSES TOTAL</b>    | <b>126,300,391</b>   | <b>29,808,726</b>  | <b>30,242,192</b>  | <b>0</b>   | <b>0</b>            | <b>186,449,309</b>   |



|   | HECO               | HELCO             | MECO              | RHI              | ELIMINATIONS       | HECO CONSOL        |
|---|--------------------|-------------------|-------------------|------------------|--------------------|--------------------|
| Production                              | 37,904,523         | 13,234,353        | 9,620,672         |                  |                    | 60,759,548         |
| Transmission                            | 5,253,116          | 1,335,511         | 1,399,584         |                  |                    | 7,988,211          |
| Distribution                            | 13,130,807         | 4,932,150         | 2,584,931         |                  |                    | 20,647,888         |
| Administrative                          | 444,253            | 166,681           | 211,098           |                  |                    | 822,032            |
| <b>MAINTENANCE EXPENSES TOTAL</b>       | <b>56,732,499</b>  | <b>19,668,695</b> | <b>13,816,285</b> | <b>0</b>         | <b>0</b>           | <b>90,217,479</b>  |
| Public Service Company                  | 80,255,463         | 20,019,026        | 20,304,854        |                  |                    | 120,579,343        |
| Franchise Royalty                       | 33,969,201         | 8,379,363         | 8,627,854         |                  |                    | 50,966,418         |
| P.U.C. Fees                             | 8,818,846          | 1,691,936         | 1,725,136         |                  |                    | 10,235,718         |
| FICA, Unemployment, Other               | 5,815,279          | 1,462,789         | 1,353,489         |                  |                    | 8,631,517          |
| <b>TAXES OTHER THAN INCOME TOTAL</b>    | <b>126,848,589</b> | <b>31,553,094</b> | <b>32,011,313</b> | <b>0</b>         | <b>0</b>           | <b>190,412,996</b> |
| State Income - Current                  | 2,845,029          | (402,215)         | 446,006           |                  |                    | 2,888,820          |
| - Deferred                              | (1,078,958)        | 18,452            | (204,800)         |                  |                    | (1,267,306)        |
| Federal Income - Current                | 33,967,480         | 4,268,088         | 11,872,846        |                  |                    | 50,208,434         |
| - Deferred                              | (8,518,529)        | (163,429)         | (1,579,396)       |                  |                    | (8,259,354)        |
| Net Federal ITC Deferred                | 0                  | 0                 | 0                 |                  |                    | 0                  |
| Net State ITC Deferred                  | 1,997,273          | 620,227           | 1,192,514         |                  |                    | 3,810,014          |
| <b>INCOME TAXES TOTAL</b>               | <b>31,214,305</b>  | <b>4,338,133</b>  | <b>11,827,170</b> | <b>0</b>         | <b>0</b>           | <b>47,380,608</b>  |
| Interest on Long Term Debt              | 24,916,279         | 6,583,150         | 8,258,390         |                  |                    | 39,757,819         |
| Amort on Net Bond Prem & Exp            | 1,378,419          | 410,919           | 408,663           |                  |                    | 2,198,001          |
| Dividends owed by Trust I               |                    |                   |                   |                  |                    | 0                  |
| Interest to Assoc Cos                   | 2,089,622          | 3,085,992         | 974,334           | 0                | (2,790,436)        | 3,359,512          |
| Other interest charges                  | 6,779,845          | 38,064            | 429,562           |                  |                    | 7,247,471          |
| <b>INTEREST CHARGES TOTAL</b>           | <b>35,164,165</b>  | <b>10,118,125</b> | <b>10,070,949</b> | <b>0</b>         | <b>(2,790,436)</b> | <b>52,562,803</b>  |
| Other Inc & Ded - Other Taxes           | (1,911)            | 0                 | (504)             |                  |                    | (2,415)            |
| - Federal                               | 720,515            | 22,289            | 51,523            | 0                |                    | 794,307            |
| - State                                 | 132,265            | 4,072             | 9,421             | 0                |                    | 145,758            |
| Investment Income                       | 2,819,406          | 436,164           | 112,711           |                  | (2,790,436)        | 877,845            |
| Other Income & Gain                     | 2,512,263          | 84,856            | 1,102,470         |                  |                    | 3,699,609          |
| Other A & G Expenses                    | (1,998,421)        | (43,749)          | (99,474)          | (153,256)        |                    | (2,292,900)        |
| <b>OTHER INCOME/DEDUCTIONS, NET</b>     | <b>4,286,137</b>   | <b>503,612</b>    | <b>1,176,147</b>  | <b>(153,256)</b> | <b>(2,790,436)</b> | <b>3,022,204</b> ① |
| Depreciation Expense                    | 74,797,964         | 29,722,210        | 25,844,288        |                  |                    | 130,164,462        |
| AFUDC for Equity Funds                  | 4,058,659          | 184,965           | 2,094,493         |                  |                    | 6,348,117          |
| AFUDC for Borrowed Funds                | 1,816,338          | 89,745            | 973,177           |                  |                    | 2,879,260          |
| Equity in Earnings of Heco Cap Trusts * | 100,516            |                   |                   |                  |                    | 100,516 ①          |
| Dividends on Preferred Stock            | 1,079,907          | 533,750           | 381,260           |                  |                    | 1,994,907          |
| Dividends on Common Stock               | 29,381,000         | 2,874,000         | 6,522,000         |                  |                    | 38,777,000         |
| <b>OTHER INCOME STMT. ITEMS</b>         | <b>111,234,384</b> | <b>33,414,670</b> | <b>36,815,208</b> | <b>0</b>         | <b>0</b>           | <b>180,264,262</b> |
| <b>BALANCE TO COMMON</b>                | <b>49,383,922</b>  | <b>6,946,988</b>  | <b>18,789,183</b> | <b>(153,256)</b> | <b>0</b>           | <b>74,946,837</b>  |

\* Effective 1/04



|  | HECO                 | HELCO              | MECO               | RHI            | ELIMINATIONS         | HECO CONSOL          |                   |
|--|----------------------|--------------------|--------------------|----------------|----------------------|----------------------|-------------------|
| Plant & Equipment                          | 2,453,555,888        | 812,321,725        | 769,013,045        |                |                      | 4,034,890,658        |                   |
| Accumulated Depreciation                   | (953,187,086)        | (298,589,705)      | (307,136,132)      |                |                      | (1,558,912,933)      |                   |
| Plant Acquisition Adjustment               | 0                    | 0                  | 1,785,138          |                |                      | 1,785,138            |                   |
| Amortization of Adj                        | 0                    | 0                  | (1,891,986)        |                |                      | (1,891,986)          |                   |
| Property Held - Future Use                 | 517,277              | 129,122            | 2,633,044          |                |                      | 3,279,443            |                   |
| Plant Work in Progress                     | 80,298,568           | 9,745,023          | 5,575,848          |                |                      | 95,619,439           | 2,574,969,759 CBS |
| Investment in Assoc. Cos.                  | 389,141,568          | 0                  | 0                  |                | (387,585,168)        | 1,546,400            |                   |
| Other Property Total                       | 5,378,045            | 81,718             | 201,642            |                |                      | 5,659,405            |                   |
| Cash                                       | 928,261              | 737,615            | 618,469            | 275,155        |                      | 2,459,450            |                   |
| Temporary Investments                      | 1,399,182            | 0                  | 0                  |                |                      | 1,399,182            | 3,858,882 CBS     |
| Customer Accounts Receivable               | 82,817,322           | 24,514,000         | 19,455,287         |                |                      | 126,686,609          |                   |
| Accrued Unbilled Revenues                  | 84,282,420           | 14,453,508         | 13,531,246         |                |                      | 92,267,174           |                   |
| Other Accounts Receivable                  | 3,313,502            | 1,463,875          | 843,186            |                | (657,348)            | 4,963,215            |                   |
| Allowance for Bad Debts - Billed           | (705,335)            | (286,408)          | (70,748)           |                |                      | (1,062,491)          |                   |
| Allowance for Bad Debts - Unbilled         | (47,569)             | (17,049)           | (8,013)            |                |                      | (72,631)             |                   |
| Allowance for Bad Debts - Other            | (103,000)            | (366,838)          | (70,500)           |                |                      | (540,138)            | 222,141,738 CBS   |
| Notes Rec. - Assoc. Cos.                   | 54,400,000           | 0                  | 0                  |                | (54,400,000)         | 0                    |                   |
| T & D / General Materials and Supplies     | 13,959,114           | 4,891,508          | 11,689,404         |                |                      | 30,540,026           |                   |
| Fuel Oil Stock                             | 40,679,731           | 9,760,839          | 13,871,818         |                |                      | 64,312,188           |                   |
| Other Current Assets                       | 7,537,335            | 1,462,814          | 894,513            |                |                      | 9,694,662            |                   |
| Unamort. Debt Expenses                     | 9,323,217            | 2,281,645          | 2,117,298          |                |                      | 13,722,160           |                   |
| Prelim. Survey Charges                     | 0                    | 0                  | 0                  |                |                      | 0                    |                   |
| Regulatory Assets                          | 82,115,665           | 15,349,417         | 14,883,892         |                |                      | 112,348,974          | CBS               |
| Other                                      | 16,585,796           | 4,258,593          | 3,495,235          |                |                      | 24,339,624           | 149,814,465 CBS   |
| <b>TOTAL ASSETS</b>                        | <b>2,331,987,891</b> | <b>802,191,602</b> | <b>551,331,486</b> | <b>275,155</b> | <b>(422,852,516)</b> | <b>3,083,133,818</b> |                   |
| <i>Other Asset (per HWR96X report)</i>     | <i>16,585,796</i>    | <i>1,799,657</i>   | <i>2,902,132</i>   |                |                      |                      |                   |
| <i>Reci from other notes rec</i>           |                      | <i>2,458,736</i>   | <i>593,103</i>     |                |                      |                      |                   |
| <i>Adjusted other asset</i>                | <i>16,585,796</i>    | <i>4,258,593</i>   | <i>3,495,235</i>   |                |                      |                      |                   |
| <i>Note receivable (per HWR96X report)</i> | <i>54,400,000</i>    | <i>2,458,736</i>   | <i>593,103</i>     |                |                      |                      |                   |
| <i>Reci other notes rec</i>                | <i>0</i>             | <i>(2,458,736)</i> | <i>(593,103)</i>   |                |                      |                      |                   |
| <i>Note receivable - assoc cos.</i>        | <i>54,400,000</i>    | <i>0</i>           | <i>0</i>           |                |                      |                      |                   |



|                                      | HECO          | HELCO        | MECO         | RHI       | ELIMINATIONS  | HECO CONSOL   |
|--------------------------------------|---------------|--------------|--------------|-----------|---------------|---------------|
| Common Stock                         | 85,387,140    | 21,773,150   | 15,826,020   | 781,000   | (38,380,170)  | 85,387,140    |
| Stock Premium & Expense              | 299,213,830   | 78,869,827   | 79,093,732   |           | (157,963,559) | 299,213,830   |
| AOCl (a/c #211)                      | (126,649,244) | (18,380,604) | (14,226,385) |           | 32,606,989    | (128,649,244) |
| Retained Earnings                    | 700,251,714   | 92,837,222   | 111,537,546  | (516,339) | (203,858,428) | 700,251,715   |
| Pref'd Stk - Not Subj. to Mand. Red. | 22,293,140    | 7,000,000    | 5,000,000    |           |               | 34,293,140    |
| Pref'd Stk - Subj. to Mand. Red.     | 0             | 0            | 0            |           |               | 0             |
| First Mortgage Bonds                 | 0             | 0            | 0            |           |               | 0             |
| Promissory Note - Sp Purp Rev Bonds  | 449,693,350   | 121,045,778  | 143,899,621  |           |               | 714,638,749   |
| Funds on Deposit - Trustee           | 0             | 0            | 0            |           |               | 0             |
| Long-Term Debt Assoc. Cos.           | 31,546,400    | 10,000,000   | 10,000,000   |           |               | 51,546,400    |
| Other Long-Term Debt                 | 0             | 0            | 0            |           |               | 0             |
| Current Portion Long-Term Debt       | 0             | 0            | 0            |           |               | 0             |
| Preferred Stock - Sinking Fund       | 0             | 0            | 0            |           |               | 0             |
| Bank Loans                           |               |              |              |           |               | 0             |
| Commercial Paper                     | 113,107,151   | 0            | 0            |           |               | 113,107,151   |
| Borrow. From Assoc. Cos.             | 0             | 49,400,000   | 5,000,000    |           | (54,400,000)  | 0             |
| Drafts & Checks Payable              | 28,998,718    | 11,110,123   | 6,169,105    |           |               | 46,277,946    |
| Fuel Oil Payable                     | 20,555,198    | 1,970,195    | 8,075,351    |           |               | 30,600,744    |
| Trade Accounts Payable               | 12,118,022    | 9,491,541    | 4,023,180    |           |               | 25,632,743    |
| Interest Payable                     | 7,038,409     | 1,907,004    | 1,637,892    |           | (248,662)     | 10,334,643    |
| Dividends Payable                    | 231,011       | 0            | 79,427       |           |               | 310,438       |
| Dividends Payable by Trust 1         |               |              |              |           |               | 0             |
| Taxes Accrued - Income               | 5,875,415     | (1,233,742)  | 175,302      |           |               | 4,816,975     |
| Taxes Accrued - Other                | 90,970,688    | 28,214,371   | 28,179,864   |           |               | 147,364,923   |
| Other A/P & Accruals                 | 27,011,089    | 5,970,640    | 10,536,232   | 10,494    | (408,686)     | 43,119,769    |
| Deferred Income Taxes                | 92,804,930    | 13,284,596   | 11,965,393   |           |               | 118,054,919   |
| Investment Tax Credits               | 32,359,333    | 13,125,614   | 12,393,601   |           |               | 57,878,548    |
| Customer Advances                    | 1,000,940     | 31,779,657   | 4,845,036    |           |               | 37,625,633    |
| Other Deferred Credits               | 109,472,063   | 20,494,636   | 22,013,343   |           |               | 151,980,042   |
| Regulatory Liabilities               | 164,616,984   | 43,595,928   | 32,408,461   |           |               | 240,619,373   |
| CONTRIB. IN AID OF CONSTR.           | 164,091,809   | 59,935,664   | 52,700,766   |           |               | 276,728,039   |

TOTAL CAPITAL & LIABILITIES 2,331,987,890 602,191,600 551,331,487 275,155 (422,652,516) 3,063,133,618

Other A/P & Accruals (per HWR96X rpt) 93,731,098 17,985,343 24,848,040  
Reclass nonqualified pension long term liability to non-current (3,499,684)  
Reclass retirement long term liability to other deferred credits (24207000) (63,220,325) (12,014,703) (14,309,808)  
27,011,089 5,970,640 10,536,232

Other deferred credits (per HWR96X rpt) 42,752,054 8,479,933 7,703,635  
Reclass nonqualified pension long term liability from current 3,499,684  
Reclass retirement long term liability from Other A/P & Accruals (24207000) 63,220,325 12,014,703 14,309,808  
109,472,063 20,494,636 22,013,343

Accounts Payable 113,156,514  
Interco payable (see elimination wkst) 378,786 Note A  
113,535,300 CBS

Other liabilities 442,407,104  
Interco payable (see elimination wkst) 378,786  
442,407,104 CBS

Note A: Represents intercompany payable included "Other A/P and Accruals" which is classified as "Other liabilities." As such, amount is reclassified by HEI to "Accounts Payable" for HEI Financial Reporting purposes.



## 16. Consolidating financial information (unaudited)

### Consolidating balance sheet

|  | December 31, 2006 |           |           |     |                                    |                   |
|--|-------------------|-----------|-----------|-----|------------------------------------|-------------------|
| (In thousands)   | HECO              | HELCO     | MECO      | RHI | Reclassifications and Eliminations | HECO Consolidated |
| <b>Assets</b>  |                   |           |           |     |                                    |                   |
| Utility plant, at cost   |                   |           |           |     |                                    |                   |
| Land   | \$ 25,919         | 4,977     | 4,346     | --  | --                                 | \$ 35,242         |
| Plant and equipment  | 2,428,155         | 807,474   | 767,300   | --  | --                                 | 4,002,929         |
| Less accumulated depreciation                                  | (953,187)         | (298,590) | (307,136) | --  | --                                 | (1,558,913)       |
| Plant acquisition adjustment, net                              | --                | --        | 93        | --  | --                                 | 93                |
| Construction in progress                                       | 80,298            | 9,745     | 5,576     | --  | --                                 | 95,619            |
| Net utility plant  | 1,581,185         | 523,606   | 470,179   | --  | --                                 | 2,574,970         |
| Investment in wholly owned subsidiaries, at equity             | 367,595           | --        | --        | --  | (367,595) [2]                      | --                |
| <b>Current assets</b>  |                   |           |           |     |                                    |                   |
| Cash and equivalents   | 2,328             | 738       | 518       | 275 | --                                 | 3,859             |
| Advances to affiliates   | 54,400            | --        | --        | --  | (54,400) [1]                       | --                |
| Customer accounts receivable, net                              | 81,912            | 24,228    | 19,384    | --  | --                                 | 125,524           |
| Accrued unbilled revenues, net                                 | 64,235            | 14,437    | 13,523    | --  | --                                 | 92,195            |
| Other accounts receivable, net                                 | 3,210             | 1,097     | 773       | --  | (657) [1]                          | 4,423             |
| Fuel oil stock, at average cost                                | 40,680            | 9,761     | 13,871    | --  | --                                 | 64,312            |
| Materials & supplies, at average cost                          | 13,959            | 4,892     | 11,689    | --  | --                                 | 30,540            |
| Prepayments and other  | 7,537             | 1,463     | 695       | --  | --                                 | 9,695             |
| Total current assets   | 268,281           | 56,616    | 60,453    | 275 | (55,057)                           | 330,548           |
| <b>Other long-term assets</b>                                  |                   |           |           |     |                                    |                   |
| Regulatory assets  | 82,116            | 15,349    | 14,884    | --  | --                                 | 112,349           |
| Unamortized debt expense                                       | 9,323             | 2,282     | 2,117     | --  | --                                 | 13,722            |
| Other  | 23,607            | 4,340     | 3,698     | --  | --                                 | 31,545            |
| Total other long-term assets                                   | 114,946           | 21,971    | 20,699    | --  | --                                 | 157,616           |
|  | \$2,331,987       | 602,193   | 551,331   | 275 | (422,652)                          | \$3,063,134       |
| <b>Capitalization and liabilities</b>                          |                   |           |           |     |                                    |                   |
| <b>Capitalization</b>  |                   |           |           |     |                                    |                   |
| Common stock equity  | \$ 958,203        | 175,099   | 192,231   | 265 | (367,595) [2]                      | \$ 958,203        |
| Cumulative preferred stock—not subject to mandatory redemption | 22,293            | 7,000     | 5,000     | --  | --                                 | 34,293            |
| Long-term debt, net  | 481,240           | 131,048   | 153,899   | --  | --                                 | 766,185           |
| Total capitalization   | 1,461,738         | 313,145   | 351,130   | 265 | (367,595)                          | 1,758,681         |
| <b>Current liabilities</b>                                     |                   |           |           |     |                                    |                   |
| Short-term borrowings-nonaffiliates                            | 113,107           | --        | --        | --  | --                                 | 113,107           |
| Short-term borrowings-affiliate                                | --                | 49,400    | 5,000     | --  | (54,400) [1]                       | --                |
| Accounts payable   | 61,672            | 22,572    | 18,268    | --  | --                                 | 102,512           |
| Interest and preferred dividends payable                       | 7,269             | 1,907     | 1,717     | --  | (248) [1]                          | 10,645            |
| Taxes accrued  | 96,848            | 26,981    | 28,355    | --  | --                                 | 152,182           |
| Other  | 27,012            | 5,971     | 10,536    | 10  | (409) [1]                          | 43,120            |
| Total current liabilities                                      | 305,906           | 106,831   | 63,876    | 10  | (55,057)                           | 421,566           |
| <b>Deferred credits and other liabilities</b>                  |                   |           |           |     |                                    |                   |
| Deferred income taxes  | 92,805            | 13,285    | 11,965    | --  | --                                 | 118,055           |
| Regulatory liabilities   | 164,617           | 43,596    | 32,406    | --  | --                                 | 240,619           |
| Unamortized tax credits  | 32,359            | 13,126    | 12,394    | --  | --                                 | 57,879            |
| Other  | 110,473           | 52,274    | 26,859    | --  | --                                 | 189,606           |
| Total deferred credits and other liabilities                   | 400,254           | 122,281   | 83,624    | --  | --                                 | 606,159           |
| Contributions in aid of construction                           | 164,091           | 59,936    | 52,701    | --  | --                                 | 276,728           |
|  | \$2,331,987       | 602,193   | 551,331   | 275 | (422,652)                          | \$3,063,134       |



# **Consolidating statement of income**

| Year ended December 31, 2006                          |             |         |         |       |                                    |                   |
|---|-------------|---------|---------|-------|------------------------------------|-------------------|
| (in thousands)  | HECO        | HELCO   | MECO    | RHI   | Reclassifications and Eliminations | HECO Consolidated |
| Operating revenues                                    | \$1,365,593 | 339,554 | 345,265 | --    | --                                 | \$2,050,412       |
| Operating expenses                                    |             |         |         |       |                                    |                   |
| Fuel oil  | 518,239     | 85,229  | 180,272 | --    | --                                 | 781,740           |
| Purchased power                                       | 358,115     | 122,324 | 26,454  | --    | --                                 | 506,893           |
| Other operation                                       | 126,300     | 29,907  | 30,242  | --    | --                                 | 186,449           |
| Maintenance   | 56,732      | 19,669  | 13,816  | --    | --                                 | 90,217            |
| Depreciation  | 74,798      | 29,722  | 25,644  | --    | --                                 | 130,164           |
| Taxes, other than income taxes                        | 126,849     | 31,553  | 32,011  | --    | --                                 | 190,413           |
| Income taxes  | 31,215      | 4,339   | 11,827  | --    | --                                 | 47,381            |
|   | 1,290,248   | 322,743 | 320,266 | --    | --                                 | 1,933,257         |
| Operating income                                      | 75,345      | 16,811  | 24,999  | --    | --                                 | 117,155           |
| Other income  |             |         |         |       |                                    |                   |
| Allowance for equity funds used during construction   | 4,059       | 195     | 2,094   | --    | --                                 | 6,348             |
| Equity in earnings of subsidiaries                    | 25,583      | --      | --      | --    | (25,583) [2]                       | --                |
| Other, net  | 4,387       | 503     | 1,176   | (153) | (2,790) [1]                        | 3,123             |
|   | 34,029      | 698     | 3,270   | (153) | (28,373)                           | 9,471             |
| Income before interest and other charges              | 109,374     | 17,509  | 28,269  | (153) | (28,373)                           | 126,626           |
| Interest and other charges                            |             |         |         |       |                                    |                   |
| Interest on long-term debt                            | 26,967      | 7,233   | 8,909   | --    | --                                 | 43,109            |
| Amortization of net bond premium and expense          | 1,378       | 411     | 408     | --    | --                                 | 2,198             |
| Other interest charges                                | 6,818       | 2,474   | 754     | --    | (2,790) [1]                        | 7,256             |
| Allowance for borrowed funds used during construction | (1,816)     | (90)    | (973)   | --    | --                                 | (2,879)           |
| Preferred stock dividends of subsidiaries             | --          | --      | --      | --    | 915 [3]                            | 915               |
|   | 33,347      | 10,028  | 9,099   | --    | (1,875)                            | 50,599            |
| Income before preferred stock dividends of HECO       | 76,027      | 7,481   | 19,170  | (153) | (26,498)                           | 76,027            |
| Preferred stock dividends of HECO                     | 1,080       | 534     | 381     | --    | (915) [3]                          | 1,080             |
| Net income for common stock                           | \$ 74,947   | 6,947   | 18,789  | (153) | (25,583)                           | \$ 74,947         |

# **Consolidating statement of retained earnings**

| Year ended December 31, 2006           |           |         |         |       |                                    |                   |
|--|-----------|---------|---------|-------|------------------------------------|-------------------|
| (in thousands)                         | HECO      | HELCO   | MECO    | RHI   | Reclassifications and Eliminations | HECO Consolidated |
| Retained earnings, beginning of period | \$654,686 | 88,763  | 99,269  | (363) | (187,669) [2]                      | \$654,686         |
| Net income for common stock            | 74,947    | 6,947   | 18,789  | (153) | (25,583) [2]                       | 74,947            |
| Common stock dividends                 | (29,381)  | (2,874) | (6,522) | --    | 9,398 [2]                          | (29,381)          |
| Retained earnings, end of period       | \$700,252 | 92,836  | 111,536 | (516) | (203,856)                          | \$700,252         |



CA-IR-26

Please provide a complete and detailed description of the HEI/HECO budget process and cycle, indicating the time line for each individually significant budget activity/step throughout a typical year and identifying the documents produced at each step of such process/cycle. Provide specimen copies of each type of document routinely created within the most recently completed budget cycle, including but not limited to budget assumption statements, calendars, input forms, staffing documentation, presentation graphics and budget review/approval documentation.

HECO Response:

HECO's capital and operating budgets are prepared annually with input from all departments about the costs of their planned activities for the budget period. Budget preparation begins around the second quarter of the year and involves preparation or refinements of projections for the next year for non-project/non-program work and five years for project/program work. In the event that there is an anticipated rate case, projections for two years are required for non-project/non-program work.

The estimates are created in two types of files: 1) project/program files and 2) non-project/non-program files (Responsibility Area "RA" files). When budgeting for a project/program, all costs for a project/program are included in the project/program file, without regard to the RA performing the work. When budgeting for non-project/non-program work, costs for only the RA are included in the non-project/non-program file.

Preparation is generally delegated to department administrators and project managers, and generally includes the following steps:

- Considering the work to be accomplished and activities to be performed;
- Estimating the hours and dollars required for each activity;
- Projecting company staffing available each month; and
- Reviewing available staffing against the demand, considering overtime, contract services, temporary hires, and regular hires.



The approval process generally requires the following steps:

- The budget is reviewed and approved by the department managers;
- The budget is approved by the respective (senior)vice presidents; and
- The president convenes the officers to review the capital and operating budget and to decide the level of capital and operation and maintenance expenditures.

The calendar for the initial development of the 2007 budget, which identifies the time line for the significant budget activities/steps throughout a typical year, can be found on pages 7 through 8.

Specimen copies of documents produced at each step of the budget process/cycle are as follows:



- Input forms for the labor and non-labor budget are available to users on the HECO

### Intranet:

**Labor Input Sheet - NonProject  
2007**

Resp Area (RA) \_\_\_\_\_  
Labor Class \_\_\_\_\_

Prepared by \_\_\_\_\_  
Date \_\_\_\_\_

[illegible]

Holidays - 1/1, 2/18, 4/6, 5/28, 6/11, 7/4, 8/17, 9/3, 10/8, 11/12, 11/22, 12/24 (1/2), 12/25, 12/31 (1/2)

Available hours per employee

|     |     |     |     |     |     |     |     |     |     |     |     |      |
|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|------|
| 8   | 8   | 0   | 8   | 8   | 8   | 8   | 8   | 8   | 8   | 16  | 16  | 104  |
| 184 | 160 | 176 | 168 | 184 | 168 | 176 | 184 | 160 | 184 | 176 | 168 | 2080 |

**NOTE: Total NonProject Demand hours may NOT equal Total Supply hours due to Project Demand hours (which are budgeted in the Project file)**

NonLabor Input Sheet - NonProject  
2007

Resp Area (RA) \_\_\_\_\_

Prepared by \_\_\_\_\_  
Date \_\_\_\_\_

[illegible]



- Staffing forms required from each department:

(DEPT)

| SUMMARY OF EMPLOYEE CHANGES   |     |                      |     |     |     |     |     |     |     |     |     |     |     |     |
|---|-----|----------------------|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|
| 2007  | BEG | Net Changes by Month |     |     |     |     |     |     |     |     |     |     |     | YR  |
|   | YR  | JAN                  | FEB | MAR | APR | MAY | JUN | JUL | AUG | SEP | OCT | NOV | DEC | END |
| BU:   |     |                      |     |     |     |     |     |     |     |     |     |     |     |     |
| BEG YR  |     |                      |     |     |     |     |     |     |     |     |     |     |     | 0   |
| NEW HIRE  |     |                      |     |     |     |     |     |     |     |     |     |     |     | 0   |
| TERM  |     |                      |     |     |     |     |     |     |     |     |     |     |     | 0   |
|   | 0   | 0                    | 0   | 0   | 0   | 0   | 0   | 0   | 0   | 0   | 0   | 0   | 0   | 0   |
| MERIT:  |     |                      |     |     |     |     |     |     |     |     |     |     |     |     |
| BEG YR  |     |                      |     |     |     |     |     |     |     |     |     |     |     | 0   |
| NEW HIRE  |     |                      |     |     |     |     |     |     |     |     |     |     |     | 0   |
| TERM  |     |                      |     |     |     |     |     |     |     |     |     |     |     | 0   |
|   | 0   | 0                    | 0   | 0   | 0   | 0   | 0   | 0   | 0   | 0   | 0   | 0   | 0   | 0   |
| TOTAL*  | 0   | 0                    | 0   | 0   | 0   | 0   | 0   | 0   | 0   | 0   | 0   | 0   | 0   | 0   |
| * Total includes the following number of temporary/part-time employees: |     |                      |     |     |     |     |     |     |     |     |     |     |     |     |
|   | 0   | 0                    | 0   | 0   | 0   | 0   | 0   | 0   | 0   | 0   | 0   | 0   | 0   | 0   |

| EXPLANATION OF EMPLOYEE CHANGES |               |               |               |            |
|---------------------------------|---------------|---------------|---------------|------------|
| 2007                            | TERM/<br>REPL | NUMBER OF EMP |               |            |
|                                 |               | INC           | HECO<br>(DEC) | TEMP MONTH |
|                                 |               |               |               |            |
|                                 |               | 0             | 0             | 0          |







## INTEROFFICE CORRESPONDENCE



Hawaiian Electric Co., Inc.

February 13, 2006

To: Officers  
Direct Reports to Officers

Subject: Instructions for Preparing the 2007-2011 Project/Program Estimates and the 2007 and 2008 Non-Project/Non-Program Estimates

Transmitted herewith is information regarding the preparation of HECO's capital and operating budgets.

| <u>Attachment:</u> | <u>Description:</u>  |
|--------------------|--|
| A                  | Budget Preparation Schedule  |
| B                  | Budgeting Responsibilities Unique to an Organization (to be distributed shortly) |
| C                  | Reference Materials  |

This year's Budget Preparation Schedule can be found on Attachment A. Those requiring assistance in developing their budgets or answering questions regarding the codeblock, please contact Sandy Lee at ext. 7729. Information regarding the Officer's Briefing Sessions and required forms will be forthcoming.

For the 2007-2011 capital budget, all capital projects, including programs, will need to be prioritized by March 24. Projects lists will be distributed prior to that date and will be covered in a separate memo.

Attachment B, which will be distributed shortly, lists specific budget responsibilities unique to your organization.

As a reminder, we have placed the Budget Preparation Instructions, which include general guidelines, cost distribution reminders, capital project information and instructions for developing inter-company billing (ICB) estimates, on the HECO Intranet under Management Accounting. See Attachment C, Reference Materials, for additional information.

Please distribute this memo and attachments as appropriate. Please contact Sandy Lee (extension 7729 or e-mail) if there are any questions regarding the requirements or guidelines.

A handwritten signature in black ink, appearing to read "Tayne S.Y. Sekimura".

Tayne S.Y. Sekimura  
Financial Vice President

Attachments

cc: Carolyn Lum-Bellem  
Lyle Matsunaga



## PLANNING AND BUDGET PREPARATION SCHEDULE

### Intercompany Billings (ICB):

- Feb 24      HELCO/MECO complete and send request for recurring services (if significant changes anticipated) and non-recurring services to HECO
- Mar 10      HECO complete and send Intercompany Service form to HELCO/MECO
- Mar 24      Last day to finalize intercompany billing form

### Planning and Budgeting:

- Ongoing- Feb 13      Users submit Project Identification Form (PIF) to Budgets for all projects and programs.
- Feb 13      Pillar file distribution:
- Pillar Administrator distributes Project and Non-Project files to Department folders
  - Consolidators, if applicable, distribute Project and Non-Project files to persons responsible for preparing budget
- Feb 28      Complete 2007 – 2008 labor estimates for 1<sup>st</sup> resource leveling:
- Users complete labor estimates in Project (for project and program demand) and Non-project (for non-project/non-program demand and RA supply) files
  - Users place copy of completed Project and Non-project files in the appropriate folder on the O: drive by 12 noon
- Mar 1      Pillar Administrator distributes revised Resource Leveling Reports for review, analysis, and to aid in balancing RA resource supply and demand.
- Pillar Administrator distributes ViewBud RA file, which shows total Capital and O&M (including on-costs) for comparison purposes.
- Mar 7      Complete 2007 – 2008 labor estimates for 2<sup>nd</sup> resource leveling:
- Users complete labor estimates in Project (for project and program demand) and Non-project (for non-project/non-program demand and RA supply) files
  - Users place copy of completed Project and Non-project files in the appropriate folder on the O: drive by 12 noon
- Mar 8      Pillar Administrator distributes revised Resource Leveling Reports for review, analysis, and to aid in balancing RA resource supply and demand.
- Pillar Administrator distributes ViewBud RA file, which shows total Capital and O&M (including on-costs) for comparison purposes.
- Mar 9      Organizations send their completed Summary of Employee Changes and Explanations of Employee Changes forms electronically to Sandy Lee.
- Mar 13      Users complete 2006-2011 project and program estimates in Pillar Project files.
- Complete 2007 – 2008 labor estimates for 3<sup>rd</sup> resource leveling:
- Users complete labor estimates in Project (for project and program demand) and Non-project (for non-project/non-program demand and RA supply) files
  - Users place copy of completed Project and Non-project files in the appropriate folder on the O: drive by 12 noon



Attachment A

**Planning and Budgeting (cont'd):**

- Mar 14 Pillar Administrator distributes FINAL Resource Leveling Reports for review, analysis, and to aid in balancing RA resource supply and demand.
- Pillar Administrator distributes ViewBud RA file, which shows total Capital and O&M (including on-costs) for comparison purposes.
- Pillar Administrator forwards to ITS a report showing projects demanding ITS resources.
- Mar 20 Users complete non-project/non-program estimates (including ICB estimates) in Pillar Non-Project files.
- Users complete 2006 update and 2007 and 2008 non-project/non-program estimates in Non-Project files
  - Users place copy of completed Non-Project files in the appropriate folder on the O: drive by 10 a.m.
- Mar 24 Process Areas complete prioritization for all capital and deferred system project work. Process Areas electronically submit prioritized list of work to Sandy Lee.
- April 6 CBC Meeting
- TBD Officer Briefing Meetings and Executive Review

**Recycle:**

- May 11 Pillar file distribution for Recycle
- May 26 Complete revised 2007 and 2008 labor estimates for resources leveling
- May 26 Pillar Administrator distributes 2007 and 2008 Resource Leveling Reports for review
- Jun 2 Complete revised 2007 and 2008 non-project and 2007-2011 project/program estimates



Attachment B

- Not applicable - no specific corporate budget responsibilities assigned to Organization



Attachment B

C. BARNES

Date Due

Description

08/30/05

Your organizational budget should include, if applicable:

- Transformer Rental Revenue (*activity 025; indicator BO; expense element 905*)
- Take home pool car program revenues (*activity 025; indicator BO; expense element 905*)
- Revenues generated from work performed for outside parties (*activity 030; indicator BO; expense element 905*)
- Revenues generated from work performed for outside parties - "below the line" (*activity 010; indicator BN; expense element 905*)
- General excise taxes related to "below the line" revenues (*activity 040; indicator BN; expense element 501*)



Attachment B

J. BEAVERS

Date Due

Description

08/25/05

Forward to Dean Ueda an estimate of **cash payments and receipts by month** for 2007, covering the following items:

- Rent payments for property leased by HECO (non T&D)
- Rental income from HECO property
- Proceeds from sale of land
- Other receipts/payments

08/30/05

Include the following in your organizational budget, if applicable:

- Ward Avenue Cafeteria subsidy (*activity 935; indicator NE*)
- Expenses related to Mahakea (*activities 926, 931 & 932; location MAH; indicator NN*)
- Parking Revenue (*activity 025; location OUT, indicator BO; expense element 905*)
- Bus subsidy (*activity 780*)



Attachment B

**P. FETHERLAND**

Date Due

Description

08/30/05

Your organizational budget should include, if applicable:

- Revenues (*activity 015; indicator BN; expense element 905*) and expenses (*activity 140; indicator BN*) for work performed for outside parties (Energy Efficiency Projects, BOA, etc.)
- General excise taxes related to "below the line" revenues (*activity 040; indicator BN; expense element 501*)
- All Electric Heat Pump Incentive expenses (*activity 140; indicator NN*)



Attachment B

A. FUJINAKA

Date Due

Description

Should be  
completed

Forward to T. Simmons with a copy to Management Accounting, the 2007-2011 Generating Unit Maintenance Schedule so that it may be used in developing the fuel, purchased power and O&M estimates for 2007-2011.

08/30/05

Include the following in your organizational budget, if applicable:

- Revenue from Demineralized water sales (*activity 030; indicator BO; expense element 905*)
- General excise taxes related to Demineralized water sales (*activity 040; indicator BE; expense element 501*)



Attachment B

G. HASHIRO

Date Due

Description

08/30/05

Your organizational budget should include, if applicable:

- Amortization of deferred IRP General Planning costs (Please coordinate with Bruce Tamashiro) (*activity 712; expense element 901; indicator NE*)
- IRP General Planning expenses for current cost (*activity 712, indicator NE*). Assumes that rate relief includes these costs in base rates.



Attachment B

A. HEE

| <u>Date Due</u> | <u>Description</u>   |
|-----------------|--|
| 08/24/05        | <p>Forward to Dean Ueda, <b>monthly</b> budgets of the following for 2007 based upon the May 2005 sales forecast update; and <b>annual</b> budgets of the following for 2007-2011 based upon the May 2005 sales forecast update:</p> <ul style="list-style-type: none"><li>• Lost margin revenues</li><li>• Shareholder incentives revenues</li></ul> <p>DSM incremental expenses (should be consistent with expenses included in organization's budget)</p> |
| 08/25/05        | <p>Forward to Dean Ueda:</p> <ul style="list-style-type: none"><li>• Monthly interest on DSM costs</li></ul>   |
| 08/30/05        | <p>Your organizational budget should include, if applicable:</p> <ul style="list-style-type: none"><li>• DSM expenses (<i>activity 713-714</i>)</li></ul>  |



Attachment B

E. IFUKU

Date Due

Description

08/30/05

Include the following in your organizational budget, if applicable:

- Revenues and expenses for temporary facilities (*activity 440; location OUT; indicator BT; expense element 905 [revenues] & activity 440; location OUT; indicator BT; expense element 150, 201, and/or 301 [expenses]*)



Attachment B

R. LEE

Date Due

Description

08/30/05

Your organizational budget should include, if applicable:

- All Electric Subsidy Promotion expenses (*activity 140; indicator NN*)



Attachment B

**S. Li (Legal and Land & Rights of Way)**

**Date Due**

**Description**

08/25/05

Forward to Dean Ueda an estimate of **cash payments and receipts** by month for 2007 covering the following items:

- Land and rights of way acquisitions

08/30/05

Include the following in your organizational budget, if applicable:

- EEO liability related expenses (*legal reserves - expense element 900*)



Attachment B

S. LOO

Date Due

Description

08/30/05

Your organizational budget should include estimates of revenues generated by month for 2007 from work performed for outside parties, if applicable.

Include the following in your organizational budget, if applicable:

- Emission Fees (*activity 875*)
- Revenue from Contract Services - "below the line" (*activity 010; indicator BN; expense element 905*).
- General excise taxes related to "below the line" revenues (*activity 040; indicator BN; expense element 501*)



Attachment B

**K. MORIKAMI**

Date Due

Description

08/30/05

Include direct labor hours for ITS personnel for OMS project. Do not budget ITS labor as expense element 451, instead use expense element 150. The adjustment for non-payroll related on-costs (customer installation and corporate administration) from deferred to expense will be done by the Pillar Administrator.



Attachment B

**B. MUNGER**

Date Due

Description

08/25/05

Receive from Patsy Nanbu, the amount of the Waiau Well Water project cost to amortize in 2007.

08/30/05

Your organizational budget should include, if applicable:

- Amortization of Waiau Well Water project costs (Please coordinate with Patsy Nanbu) (*activity 121; expense element 901*)
- Amortization of Kahe 7 project costs (*expense element 901*)



Attachment B

P. NANBU

Date Due

Description

08/14/05

Receive from Rick Stuller the estimated completion date and total cost of each phase of the AM/FM projects expected to be placed into service in 2007.

08/25/05

Forward to Brenner Munger the estimated amortization of the Waiau Well Water project costs and Kahe 7 for 2007.

Forward to Rick Stuller, with a copy to Dean Ueda, the estimated amortization of AM/FM development costs.

Forward to Dean Ueda:

- Estimated amortization of gain on sale of utility property if applicable for 2007-2011
- Estimated tax rates for 2007
- Amortization of regulatory assets:
  - Amortization of SFAS 109 Regulatory Assets for 2007-2011
  - Amortization of Other Regulatory Assets for 2007-2011
- Amortization of deferred IRP costs
- Interest on deferred IRP costs
- Interest on DSM costs
- Amortization of investment income differential
- Waiau Water Wells project - accrual of monthly carrying charge
- Amortization of e-Business costs
- Amortization of other deferred costs (other than e-Business, such as rate case costs and HR Suite project, etc.)
- Interest on Barbers' Point Unit #1 (Kahe 7) being amortized
- Amortization of Preferred Stock Issue costs
- Non-utility depreciation for tax and book purposes



Attachment B

J. PRICE

Date Due

Description

08/30/05

Forward to Dean Ueda an estimate for 2007 for the following:

- Salary reduction amount and FICA savings due to Flex Plan
- Electric discount for retirees
- Incentive Compensation Program estimates
- Workers' Compensation Total Cost estimate for 2007

08/30/05

Your organizational budget should include if applicable:

- Amortization of HR Suite project cost (Expense Element 901)

08/30/05

Include direct labor hours for ITS personnel for HR Suite project. Do not budget ITS labor as expense element 451, instead use expense element 150. The adjustment for non-payroll related on-costs (customer installations and corporate administration) from deferred to expense will be done by the pillar administrator.



Attachment B

L. ROOSE

Date Due

Description

Completed

Forward to George Willoughby the Production Simulation Run results for 2007-2011

08/18/05

Forward to George Willoughby **monthly** budgets of the following for 2007:

- Purchased power expenses by supplier separating payments for capacity, non-fuel, etc.
- KWH purchases by supplier

Forward to Dean Ueda and George Willoughby **monthly** budgets of the following for 2007:

- Kalaeloa shortfall costs based upon the May 2005 sales budget update
- AES bonus payments based upon the May 2005 sales budget update
- Fuel inventory, based on the fuel oil consumption estimate, including barrels of fuel oil inventory at the end of each month, by plant site and by type of oil
- Fuel consumption budgets

08/18/05

Forward to Alan Hee **annual** budgets of the following for 2007-2011:

- Purchased power expenses by supplier separating payments for capacity, non-fuel, etc.
- KWH purchases by supplier

Forward to Dean Ueda and George Willoughby **annual** budgets of the following for 2007-2011:

- Kalaeloa shortfall costs based upon the May 2005 sales budget update
- AES bonus payments based upon the May 2005 sales budget update
- Fuel inventory, based on the fuel oil consumption estimate, including barrels of fuel oil inventory at the end of each month, by plant site and by type of oil
- Fuel consumption budgets



Attachment B

**L. ROOSE** (continued)

Date Due

Description

08/24/05

Forward to Dean Ueda an estimate of **cash payments and receipts** by month for 2007 covering the following:

- Fuel oil purchases
- Throughput charges
- Fuel handling charges
- Budget of rental income from the use of Barber's Point fuel tanks for storage by Tesoro or other parties
- Pipeline facilities and maintenance charges
- Payments to Chevron USA for operation and maintenance of the Barber's Point fuel storage facility
- Costs of testing and inspection relative to the purchase of fuel oil
- Projected payments for purchase of line materials, both for inventory and for special order items

08/30/05

Include the following in your organizational budget, if applicable:

- Purchase power contract legal expenses



Attachment B

A. SEKI

Date Due

Description

08/25/05

Forward to Dean Ueda the calculation of EPRI dues for 2007.

08/30/05

Your organizational budget should include, if applicable:

- EPRI contributions other than local R&D budget (coordinate with Management Accounting) (*activity 730*)
- Local R&D costs (coordinate with Management Accounting) (*activity 731*)



Attachment B

**R. STULLER**

| <u>Date Due</u> | <u>Description</u>   |
|-----------------|--|
| 08/05/05        | ITS issues memo regarding IT items departments need to forecast.   |
| 08/14/05        | Forward to Patsy Nanbu, the expected completion date and the associated cost of each phase of the AM/FM project expected to be placed into service during 2007. For the AM/FM project, include the percentages which should be used to allocate the costs to the various functional accounts.  |
| 08/25/05        | Receive from Patsy Nanbu, the amount of AM/FM system development costs to amortize for 2007.   |
| 08/30/05        | Forward to each RA for HECO, revised estimate of ITS charges, for information purposes. (Forward a summary of estimated ITS services by RA to Management Accounting.)<br><br>Forward to Dean Ueda, two copies of ITS charges by RA for HELCO, MECO, and all affiliated companies using ITS services.   |
| 08/30/05        | Your organizational budget should include, if applicable: <ul style="list-style-type: none"><li>• Revenues (<i>activity 010; indicator BN; expense element 905</i>) and expenses (<i>activity 916 or 917; indicator BN</i>) related to the Interisland Communication System (ICS)</li><li>• Other telecommunication related revenues including facilities' attachment (<i>expense element 905</i>) &amp; expenses (<i>activity charged may vary</i>)</li></ul> |
| 08/30/05        | Work with respective project managers for CIS, OMS, and HR Suite projects. Do not include these projects in your ITS charge-backs as they will be budgeted by the respective project managers.   |



Attachment B

**G. WILLOUGHBY**

Date Due

Description

08/24/05

Forward to Dean Ueda, **monthly** budgets of the following for 2007 based upon the May 2005 sales forecast update; and **annual** budgets of the following for 2007-2011 based upon the May 2005 sales forecast update:

- KWH sales by rate schedule
- Electric Sales revenue
- Number of customers
- Fuel oil expense by plant and type of oil (oil and throughput charge only)
- Purchased Power expense by supplier separating payments for capacity, non-fuel, etc.
- KWH generated by plant
- KWH purchases by supplier



Attachment B

D. YAMAMOTO

| <u>Date Due</u> | <u>Description</u>   |
|-----------------|--|
| 08/24/05        | Forward to Dean Ueda an estimate of <b>cash receipts</b> by month for 2007 for the following: <ul style="list-style-type: none"><li>• Service establishment fees</li><li>• Field collection fees</li><li>• Returned check charges</li><li>• Late payment and bad debt rates (annual)</li><li>• Revenue protection revenues</li></ul> |
| 08/25/05        | Forward to Dean Ueda an estimate for 2007 for the following: <ul style="list-style-type: none"><li>• Interest on Customer Deposits</li></ul>   |
| 08/30/05        | Include the following in your organizational budget, if applicable: <ul style="list-style-type: none"><li>• Bad debt expense - please coordinate with Lorna Pang</li><li>• Low Income Matching expenses (<i>activity 617</i>)</li><li>• Payment protection insurance</li></ul>   |
| 08/30/05        | Include direct labor hours for ITS personnel for CIS project. Do not budget ITS labor as expense element 451, instead use expense element 150. The adjustment for non-payroll related on-costs (customer installations and corporate administration) from deferred to expense will be done by the Pillar Administrator.              |



Attachment B

**S. YOSHIDA**

Date Due

Description

08/30/05

Include the following in your organizational budget, if applicable:

- Joint pole credits (*expense element 905*)
- Cable TV revenues (*activity 025; location OOP, indicator BO; expense element 905*)



Attachment C

**REFERENCE MATERIALS**

The following reference materials are available on the HECO Intranet under Management Accounting:

| Document   | Information Included   |
|--|--|
| <b>Planning &amp; Budgeting:</b>   |  |
| 2007 and 2008 Budget Preparation Instructions  | Guidelines, cost distribution reminders, capital project information, other items, instructions for developing inter-company billing estimates.        |
| <b>Code Block Reference Manual:</b>  |  |
| Code Block:<br>Changes from Previous Release<br>Responsibility Areas<br>Activities<br>Locations<br>Indicators<br>Projects (Non-Controlled Default)<br>Expense Elements | Codes, descriptions, and instructions on use.  |
| Code Block Business Rules and Frequently Asked Questions   | General rules covering Freight, Bulk Postage and Mail; Clearing Accounts, research and development, etc.   |
| <b>Std Labor Class &amp; On-Costs:</b>   |  |
| Labor Classes  | Labor Classes & Related Job Titles/Position Descriptions (Merit and Bargaining Unit). Please note that merit and bargaining unit are on separate tabs. |
| On-Cost and Vehicle Rates  | Listing of On-Cost Rates and Vehicle Rates   |
| Vehicle Classes  | Vehicle Class Descriptions   |
| <b>Policies &amp; Procedures:</b>  |  |
| Pillar User Manual   | Instructions on Using Pillar   |
| Validating Code Block Combinations   | Instructions on using the VB Application to validate the code block combinations entered in Pillar   |
| Vehicle Costing Procedures   | December 1, 2001 IOC from Ernest Shiraki   |

The following forms are available on the HECO Intranet under Management Accounting:

| Document                                       |
|--|
| Cash CIAC Form                                 |
| Budget Input Forms (Non-Project / Non-Program) |



## Guidelines

**Include in the appropriate Pillar file (project or non-project) the company-wide costs for which your organization is responsible to budget and manage throughout the year.**

**Monthly estimates** are required for 2007 and 2008 for responsibility area (RA) non-project/non-program costs and for 2007-2011 for project and program costs.

**Wage Rate Increase Assumptions** - General wage rate increase assumptions are embedded in the standard labor rates for each labor class in the Pillar files. Therefore, do not include any wage increases in your estimates.

**General Inflation Adjustment** - Non-labor estimates should be based on information available for your specific cost items. For preparing estimates for non-labor items where you **do not** have specific prices or cost indices, a general inflation factor "*Escalation (2006 base)*" is included as an option in the Pillar files.

**Inter-Company Billing (ICB) Estimates** - The ICB process is designed to take advantage of technology and generally eliminate paper shuffling. The provider of service (HECO RAs) will use Pillar to develop the ICB estimates as well as to capture the information required for the ICB Approval Form. See "Instructions for Developing Inter-Company Billing Estimates" below for additional information.

**Resource Leveling** – Resource leveling reports (comparing labor hours supply and demand) for 2007 and 2008 will be available at three different times during the budgeting cycle. Labor supply hours will be based on the number of employees for each labor class in a RA multiplied by 2,088 hours for 2007 and 2,096 hours for 2008. **As such, employee count by labor class needs to be input into the Non-Project files for each organization.** Labor demand hours will be based on all labor hours budgeted for all labor classes in a RA and should be input in the Project and/or Non-Project files.

To facilitate the resource leveling effort, please note that Project and Program budgets will need to be completed on March 13, in advance of the March 20 deadline for the Non-Project and Non-Program budgets.

## ITS Development Cost

Project Managers budgeting development costs (expense element 451) in Project plan files (except as noted below) should contact their IT-Business Solutions Consultant (BSC). For assistance in identifying your department's BSC, please refer to the ITS website on the HECO intranet at: [http://intranet/information\\_technology\\_services/ISConsultants/your\\_consultants.asp](http://intranet/information_technology_services/ISConsultants/your_consultants.asp)

For project managers budgeting development costs for **OMS, CIS, and HR Suite projects**, do not budget ITS labor as expense element 451, instead use expense element 150.



## Cost Distribution Reminders

**On-costs** - Labor on-costs, except for payroll taxes, are based on the number of productive labor hours multiplied by an hourly rate. Payroll tax on-costs are based on a percentage of the productive labor dollars. Stores on-costs will be based on a percentage of the value of materials issued from the warehouse and goods purchased. Vehicle cost is based on the number of vehicle hours multiplied by an hourly rate. As such, hours of vehicle usage will need to be input into the Pillar files. See "Vehicle Charges" below for additional information on vehicle costs.

Listings of the on-cost and vehicle rates, and the labor on-costs applicable to each labor class are available on the HECO Intranet under Management Accounting.

**Stores Loading** - In addition to the cost of the warehouse operations, stores on-cost includes the costs for all freight and postage **except for** postage for customer bills for HECO, HELCO, and MECO, freight and postage billable to associated companies, and freight charges of more than \$15,000 per invoice. Additional information regarding stores on-costs are available on the HECO Intranet under Management Accounting.

**Freight Charges** - Freight charges less than or equal to \$15,000 per invoice will be budgeted by the Purchasing division (RA PVP) and will be charged to the stores clearing account using activity "842", indicator "NC", and expense element "640". Freight charges of more than \$15,000 per invoice should be budgeted by the person responsible for the work using expense element "640", and the appropriate project, program, activity, etc., and appropriate indicator.

**Vehicle Charges** - For assigned vehicles, please charge 8 hours per day to the appropriate codeblock(s). You should continue to budget anticipated pool vehicle hours to the appropriate codeblock, program or project. To facilitate the budgeting effort, vehicle class descriptions are available on the HECO Intranet under Management Accounting. Please refer to the IOC dated December 1, 2000, available on the intranet under General Accounting\Policies and Procedures\Vehicle Costing Procedures.

**Cut Offs for Direct Charging** - For non-billable costs, labor and non-labor cutoffs have been established for direct charging. The cutoffs are one hour per day for labor and \$300 per transaction for non-labor. Labor hours and non-labor dollars which exceed the cutoffs should be charged directly to the related project, program, activity, etc. Labor hours and non-labor dollars equal to or less than the cutoffs should be charged to the appropriate code block using indicator "NE" for expense, "NS" for supervision (refer to "Business Rules" under Management Accounting, on the HECO Intranet, for rules on the "NS" indicator), or "NC" for clearing.

For billable charges, there are no cutoffs. All labor time and non-labor dollars should be charged directly to the related billable work order or project.

However, for budgeting purposes, budget all labor in one-hour increments.

**Capital vs. O&M Cutoff Amounts** - One of the criteria for classifying expenditures as capital (as opposed to operation and maintenance expense, etc.) is that the total cost for the purchase and/or construction of an item or property unit must be more than \$300. Capital items should be



budgeted using indicator "NI". Generally, items costing less than \$300 should be budgeted using indicator "NE".

**Labor Costing** - Under standard labor costing, the distribution of labor costs for exempt merit employees will not be limited to 40 hours per week. Costs will be distributed to all hours worked, including productive and non-productive (including vacation, holiday and sick) hours. For exempt merit employees, budget the total estimated hours to be distributed, including any hours in excess of 2,088 hours in 2007 and 2,096 hours in 2008.

For non-exempt merit and hourly employees, labor costs will be based on using a composite rate reflecting such things as straight-time, differential and overtime labor rates. As such, for non-exempt merit and hourly employees, budget the total number of hours for which compensation will be received. For additional information on labor costing, please refer to the August 1, 1997 IOC regarding "Project APPRISE - Standard Labor Costing" available on the intranet under General Accounting\Standard Labor Class and On-Costs\Standard Labor Costing. Listings of the labor classes are available on the HECO Intranet under Management Accounting.

**Non-Productive Wages** - All non-productive wages (vacation, holiday, sick, etc.) should be budgeted using activity "098", indicator "ND", location "PHE", and expense element "107"; except for industrial injuries, which should be budgeted using activity "098", indicator "ND", location "PHE", and expense element "108". Note that there are 112 hours of holiday time for each employee in 2006.

**Workers' Compensation Costs** - The Disability Management Division will budget for the non-labor workers' compensation costs. The labor portion of workers' compensation costs, however, should continue to be budgeted by the employees' RA using activity "098", indicator "ND", and expense element "108".

**Preliminary engineering** - Preliminary engineering charges will be included in the clearing account and should continue to be input in the non-project file and coded with indicator "NP" and location "OAH" for Energy Delivery or location "PHE" for Power Supply.

## Capital Project Information

**Cash Contributions In Aid of Construction (CIAC)** information will not be included in the project estimates in the Pillar Project files. Cash CIAC associated with capital projects for 2007-2011 should be captured on the "Cash CIAC Forecast" form that can be found on the HECO Intranet under Management Accounting. See Attachment D, Reference Materials, for additional information. Please send a completed Cash CIAC Forecast form, if applicable to your capital projects, electronically to Joanne Takamura by March 20, 2006.

**In-kind CIAC** - Where applicable, include in-kind CIAC estimates in the Pillar Project files using the appropriate RA, activity, location, indicator "NI", project number, and expense element "910".

As a reminder, **AFUDC** will generally be applied on capital programs. For these capital programs, do not enter an "AFUDC\_Duration" line item in the Pillar Project files. Pillar will automatically calculate AFUDC based on an average expenditure level.



## Other Items

**Reports** - Refer to the standard view reports located in the Expenses Module of your Pillar files.

**The Visual Basic (VB) application** that checks for valid code block combinations (RA, activity, location, indicator, project, expense element) should be executed throughout the development of your estimates, and **before** you place the Pillar file with your completed budget in the appropriate folder on the O: drive.

**Please contact Sandy Lee at extension 7729 if there are any questions regarding the requirements, or if anyone needs help in developing their estimates.**

## Instructions for Developing Inter-Company Billing (ICB) Estimates

The provider of service (HECO) will use Pillar to develop the ICB estimates as well as to capture the information required for the ICB Approval Form. As such, the following information is **required** in the Pillar files of the provider of service:

The **Line Item Field** must contain the ***Associated Company RA*** and ***Associated Company Project Number*** (if applicable). Please contact the receiver of services at the associated company for the required information as this will also serve to confirm that the services are required.

It is important to list the Associated Company RA first, followed by a space, and the Associated Company Project Number. You may include any other information after the Associated Company Project Number. **For example, input in the Line Item Field: *HWA CNAGAT01*, where "*HWA*" = *Associated Company RA*, and "*CNAGAT01*" = *Associated Company Project Number*.**

The **Notes Field** must contain a ***Description of Service, HECO RA Providing the Service, and HECO Contact Person.***

This information ***must be*** on one (1) continuous line with spaces separating words, and periods (.) separating these required pieces of information. ***Do not*** press the "enter key" between the information. **For example, input in the Notes Field: *Engineering Design for Keahole CT4/CT5. PPJ. John Smith.*, where "*Engineering Design for Keahole CT4/CT5*" = *Description of Service*, "*PPJ*" = *HECO RA Providing the Service*, and "*John Smith*" = *HECO Contact Person*.**



## INTEROFFICE CORRESPONDENCE



Hawaiian Electric Co., Inc.

May 5, 2006

To: Officers  
Direct Reports to Officers

Subject: Budget Recycle: 2007-2008 Non-Project and 2007-2011 Project/Program Budget

Thank you for your flexibility, contributions and support of this year's planning effort. The review process has been completed and you will now have an opportunity to make any necessary corrections and/or revisions to the 2007-2008 non-project (see attached list) and the 2007-2011 project/program budget. For non-project corrections/revisions not identified on the attached list, please contact Lorna Pang at ext. 7823 prior to making any changes. For project/program revisions, Gail Shimabukuro will be contacting you. Following are guidelines to assist you in completing your budgets:

- Confirm plant addition dates for capital projects
- Review your resource leveling reports to confirm resources and demands
- Retain all work papers supporting your estimates as you may be asked at a later date to provide them

**The following schedule has been developed for the recycle:**

May 11      **Pillar file distribution:**  
Pillar Administrator distributes Pillar files to Department folders

May 26      **Complete revised 2007-2008 labor estimates for resource leveling**  
Noon      Users complete revisions for 2007-2008 labor estimates in Project (for project and program demand) and Non-Project (for non-project/non-program demand and RA supply) files and place a copy in the appropriate folder on the O:drive.

                Pillar Administrator distributes 2005 Resource Leveling Reports for review, analysis, and to aid in balancing RA resource supply and demand

Jun 2      **Complete revised 2007-2008 non-project and 2007-2011 project/program estimates:**  
Noon      Users complete the 2007-2008 non-project and 2007-2011 project/program estimates  
                Users place copy of completed files in the appropriate folder on the O: drive

Please distribute this memo as appropriate. Should you have any questions, please call Joanne Takamura at x5615.

A handwritten signature in dark ink, appearing to read "Tayne Sekimura".

Tayne Sekimura  
Financial Vice President

Attachment

cc: Lyle Matsunaga (w/o attachment)  
Carolyn Lum-Bellham (w/o attachment)



## **2007 Recycle Adjustments - O&M**

### **Corp Excellence**

SSF Ward Avenue Complex Repairs-change activity code from 931 to 932 since project is considered maintenance and not operations.

SSF Ward Disaster Center-Include amounts related to leasing of generators.

SSF Include General Excise Tax for King Street Lease

Industrial Rel Include amounts for Ho'okina

Comp & Benefits HR Suites-Relook schedule and include amortization

Workforce Staffing Build in overtime hours to offset Human Resources Assistant position to be filled in 2008.

### **Customer Solutions**

Forecast & Res Increase incremental DSM cost by 275k (customer incentives) and base cost by 576k (marketing costs for SBDLC program)

Forecast & Res Reclass labor and non-labor for IRP to Naruc 920/921 (approximately 130k)

### **Energy Delivery**

Support Services Time for Electrical and Welding Services forecast entirely to activity 932 but actual work may differ. Budget should be based on historical charges.

System Operations Include amortization for OMS.

### **Energy Solutions**

CID Include -100k for joint pole credits-easements.

CID Include project cost for Automated Meter Infrastructure. Delete BPL Phase 1 cost (ATL/BTL).

Energy Projects Change location code for Budget and Statistical Analyst from PDG to PHE so charges will be moved from Production Operations to Naruc 921.

### **Finance**

MAFS Add LTIP/EICP.

### **General Counsel**

Legal Change activity code for EEO liability claims from 765 to 950 so amounts will be budgeted in Naruc 925 instead of 921.

Legal Review resource leveling for PNC and adjust labor hours (supply greater than demand).

### **Government and Community Affairs**

Regulatory Affairs Include estimate for rate case cost, including deferred charges and amortization, if applicable.

### **Operations**

Customer Service Manager and Secretary currently forecast to Naruc 901 whereas actuals are included in Naruc 901 and 903. Determine if budget should be based on historical charges and revise as necessary.

### **Power Supply**

Production Correct overstatement in Station outside services (-780k).

Production Increase Smart Signal Program (100k).

Production Increase Production Staff by 2 (160k).

### **President**

President Change code block for HEI intercompany rental billing to P9P926OLPNENPAPRESI570.



CA-IR-27

Please provide a detailed statement of HECO and HEI actual employee levels on a quarterly basis for each year 2005 through 2007, indicating the numbers of full-time, part-time and temporary employees in each department and RA and/or other reportable work groups and the comparable numbers of authorized, but unfilled positions of each type within each department, RA or work group.

HECO Response:

Reports containing the requested information on HECO and HEI's actual employee levels by department, RA, and employee type (full time, part time, temporary) at the end of each quarter from 2005 to March 31, 2007 are provided on pages 2 to 21. *These reports reflect the organization structure in place at the end of each respective quarter, which may differ from the current organizational structure at HECO and HEI which are provided in responses to CA-IR-21 and CA-IR-22.* Also, employees whose labor expenses are recovered through the Demand-side Management ("DSM") adjustment surcharge are excluded from the forecast budget and actual employee count levels.

HECO and HEI do not have "authorized" positions and staffing levels are monitored by using the "budget employee count" which is based on budgeted work requirements. The difference between the budget employee count and the actual employee count levels may be viewed as the number of unfilled positions and HECO is providing this information as budgeted in the respective years. For the purpose of the requested comparison, the total actual employee counts to the



budget employee counts is provided to determine the number of unfilled positions since HECO's and HEI's budget employee counts are not identified by employee type (full time, part time, and temporary).

The Company objects to providing forecast information for the years prior to 2005 based on a previous agreement with the Consumer Advocate to provide forecast information for the test year and link year only. However, without waiving its objections, and in the interest of compromise, the Company is providing the budget information for the years requested.

As a result of Decision & Order No. 23258 issued by the Commission in the Energy Efficiency Docket, the budgeted test year employee count and recorded employee count for the Energy Services Department have been increased by two employees. Consequently, an Updated HECO-1403 and Updated HECO-WP-1401 are submitted in this response (pages 23 and 24) to reflect the inclusion of the two DSM employees as described in Mr. Alan Hee's response to CA-IR-122.



| VICE PRESIDENT'S OFFICE | DEPARTMENT NAME               | DIVISION NAME                 | RA     | ACTUAL EMPLOYEE COUNT |           |      |       | BUDGET | DIFF |
|-------------------------|-------------------------------|-------------------------------|--------|-----------------------|-----------|------|-------|--------|------|
|                         |                               |                               |        | FULL TIME             | PART TIME | TEMP | TOTAL |        |      |
| CORPORATE EXCELLENCE    | COMPENSATION AND BENEFITS     | EMPL BENEFITS & HLTH SVCS     | PFB    | 9                     | 0         | 0    | 9     | 9      |      |
| CORPORATE EXCELLENCE    | COMPENSATION AND BENEFITS     | COMPENSATION                  | PFC    | 2                     | 0         | 0    | 2     | 2      |      |
| CORPORATE EXCELLENCE    | COMPENSATION AND BENEFITS     | DISABILITY MANAGEMENT         | PPW    | 3                     | 0         | 0    | 3     | 3      |      |
| CORPORATE EXCELLENCE    | INDUSTRIAL RELATIONS          | ADMINISTRATION                | PPA    | 3                     | 0         | 0    | 3     | 3      |      |
| CORPORATE EXCELLENCE    | INDUSTRIAL RELATIONS          | LABOR REL & WAGE ADMIN        | PPI    | 6                     | 0         | 0    | 6     | 6      |      |
| CORPORATE EXCELLENCE    | SAFETY, SECURITY & FACILITIES | CORPORATE SAFETY              | PFS    | 11                    | 0         | 0    | 11    | 11     |      |
| CORPORATE EXCELLENCE    | SAFETY, SECURITY & FACILITIES | ADMINISTRATION                | PHA    | 2                     | 0         | 0    | 2     | 2      |      |
| CORPORATE EXCELLENCE    | SAFETY, SECURITY & FACILITIES | FACILITIES OPERATIONS         | PHB    | 15                    | 0         | 0    | 15    | 15     |      |
| CORPORATE EXCELLENCE    | SAFETY, SECURITY & FACILITIES | FACILITIES PLANNING           | PHF    | 5                     | 0         | 0    | 5     | 5      |      |
| CORPORATE EXCELLENCE    | SAFETY, SECURITY & FACILITIES | SECURITY                      | PHS    | 18                    | 0         | 0    | 18    | 10     | 8    |
| CORPORATE EXCELLENCE    | VP CORPORATE EXCELLENCE       | VP CORPORATE EXCELLENCE       | P6V    | 2                     | 0         | 0    | 2     | 2      |      |
| CORPORATE EXCELLENCE    | WORKFORCE STAFFING & DEVELOP  | ADMINISTRATION                | PFA    | 4                     | 0         | 0    | 4     | 5      | (1)  |
| CORPORATE EXCELLENCE    | WORKFORCE STAFFING & DEVELOP  | CLIENT SERVICES & CONSULTING  | PFD    | 10                    | 0         | 0    | 10    | 5      | 5    |
| CORPORATE EXCELLENCE    | WORKFORCE STAFFING & DEVELOP  | ORGANIZ DEV & CONTIN IMPRVMT  | PFi    | 3                     | 0         | 0    | 3     | 6      | (3)  |
| CORPORATE EXCELLENCE    |                               | SUBTOTAL                      |        | 93                    | 0         | 0    | 93    | 84     | 9    |
| CORPORATE RELATIONS     | CORPORATE COMMUNICATIONS      | CORPORATE COMMUNICATIONS      | POC    | 8                     | 1         | 0    | 9     | 11     | (2)  |
| CORPORATE RELATIONS     | VP CORPORATE RELATIONS        | VP CORPORATE RELATIONS        | P1V    | 2                     | 0         | 0    | 2     | 2      |      |
| CORPORATE RELATIONS     |                               | SUBTOTAL                      |        | 10                    | 1         | 0    | 11    | 13     | (2)  |
| CUSTOMER SOLUTIONS      | CUSTOMER TECH APPLICATIONS    | CUSTOMER TECH APPLICATIONS    | PSR    | 9                     | 0         | 0    | 9     | 10     | (1)  |
| CUSTOMER SOLUTIONS      | ENERGY SERVICES               | ADMINISTRATION                | PSA    | 3                     | 0         | 0    | 3     | 2      | 1    |
| CUSTOMER SOLUTIONS      | ENERGY SERVICES               | CUSTOMER EFFICIENCY PROGRAM   | PSD**1 | 8                     | 0         | 0    | 8     | 10     | (2)  |
| CUSTOMER SOLUTIONS      | ENERGY SERVICES               | PRICING                       | PSP    | 5                     | 0         | 0    | 5     | 5      |      |
| CUSTOMER SOLUTIONS      | FORECASTS & RESEARCH          | FORECASTS & RESEARCH          | PSM**  | 10                    | 0         | 0    | 10    | 11     | (1)  |
| CUSTOMER SOLUTIONS      | INTEGRATED RESOURCE PLNG      | INTEGRATED RESOURCE PLANNING  | PYP    | 4                     | 0         | 0    | 4     | 4      |      |
| CUSTOMER SOLUTIONS      | MARKETING SERVICES            | MARKETING SERVICES            | PSN    | 12                    | 0         | 0    | 12    | 12     |      |
| CUSTOMER SOLUTIONS      | VP CUSTOMER SOLUTIONS         | CUSTOMER SOLUTIONS            | P1W    | 2                     | 0         | 0    | 2     | 0      | 2    |
| CUSTOMER SOLUTIONS      |                               | SUBTOTAL                      |        | 53                    | 0         | 0    | 53    | 54     | (1)  |
| ENERGY DELIVERY         | CONSTRUCTION & MAINTENANCE    | ADMINISTRATION                | PDA    | 5                     | 0         | 0    | 5     | 5      |      |
| ENERGY DELIVERY         | CONSTRUCTION & MAINTENANCE    | CONTROL SECTION               | PDC    | 6                     | 0         | 0    | 6     | 9      | (3)  |
| ENERGY DELIVERY         | CONSTRUCTION & MAINTENANCE    | TRAINING SECTION              | PDD    | 9                     | 0         | 0    | 9     | 1      | 8    |
| ENERGY DELIVERY         | CONSTRUCTION & MAINTENANCE    | FIELD OPERATION               | PDF    | 21                    | 0         | 0    | 21    | 27     | (6)  |
| ENERGY DELIVERY         | CONSTRUCTION & MAINTENANCE    | WEST OVERHEAD                 | PDJ*   | 52                    | 0         | 0    | 52    |        |      |
| ENERGY DELIVERY         | CONSTRUCTION & MAINTENANCE    | EAST OVERHEAD-KOOLAU          | PDK*   | 25                    | 0         | 0    | 25    |        |      |
| ENERGY DELIVERY         | CONSTRUCTION & MAINTENANCE    | EAST OVERHEAD-WARD            | PDL*   | 44                    | 0         | 0    | 44    |        |      |
| ENERGY DELIVERY         | CONSTRUCTION & MAINTENANCE    | UNDERGROUND                   | PDU*   | 24                    | 0         | 0    | 24    |        |      |
| ENERGY DELIVERY         | CONSTRUCTION & MAINTENANCE    | OPERATIONS                    | PDS*   | 13                    | 0         | 0    | 13    | 166    | (8)  |
| ENERGY DELIVERY         | CONSTRUCTION & MAINTENANCE    | PLANNING                      | PDP    | 17                    | 0         | 0    | 17    | 11     | 6    |
| ENERGY DELIVERY         | CONSTRUCTION & MAINTENANCE    | VEGETATION MANAGEMENT         | PDV    | 2                     | 0         | 0    | 2     | 2      |      |
| ENERGY DELIVERY         | ENGINEERING                   | ADMINISTRATION                | PBA    | 7                     | 0         | 0    | 7     | 7      |      |
| ENERGY DELIVERY         | ENGINEERING                   | T&D ENGINEERING               | PBE    | 23                    | 0         | 0    | 23    | 21     | 2    |
| ENERGY DELIVERY         | ENGINEERING                   | PROJECT MANAGEMENT            | PBP    | 6                     | 0         | 0    | 6     | 8      | (2)  |
| ENERGY DELIVERY         | ENGINEERING                   | STRUCTURAL                    | PBT    | 17                    | 0         | 0    | 17    | 18     | (1)  |
| ENERGY DELIVERY         | ENGINEERING                   | SUBST.PROTECTION&TELECOM      | PBY    | 20                    | 0         | 0    | 20    | 21     | (1)  |
| ENERGY DELIVERY         | ENGINEERING                   | T&D TECHNICAL SERVICES        | PBZ    | 9                     | 0         | 0    | 9     | 12     | (3)  |
| ENERGY DELIVERY         | SUPPORT SERVICES              | ADMINISTRATION                | PVA    | 5                     | 0         | 0    | 5     | 5      |      |
| ENERGY DELIVERY         | SUPPORT SERVICES              | FLEET                         | PVF    | 24                    | 0         | 0    | 24    | 25     | (1)  |
| ENERGY DELIVERY         | SUPPORT SERVICES              | ELECTRICAL & WELDING SERVICES | PVL    | 13                    | 0         | 0    | 13    | 13     |      |
| ENERGY DELIVERY         | SUPPORT SERVICES              | MATERIALS MANAGEMENT          | PVM    | 28                    | 0         | 0    | 28    | 28     |      |
| ENERGY DELIVERY         | SUPPORT SERVICES              | PURCHASING                    | PVP    | 11                    | 0         | 0    | 11    | 10     | 1    |
| ENERGY DELIVERY         | SYSTEM OPERATION              | ADMINISTRATION                | PRA    | 4                     | 0         | 0    | 4     | 6      | (2)  |
| ENERGY DELIVERY         | SYSTEM OPERATION              | COMMUNICATIONS                | PRC    | 8                     | 0         | 0    | 8     | 8      |      |
| ENERGY DELIVERY         | SYSTEM OPERATION              | OPERATING DISPATCH            | PRD    | 21                    | 0         | 0    | 21    | 23     | (2)  |
| ENERGY DELIVERY         | SYSTEM OPERATION              | OPERATING ENGINEERING         | PRE    | 11                    | 0         | 0    | 11    | 13     | (2)  |
| ENERGY DELIVERY         | SYSTEM OPERATION              | INSTRUMENT & CONTROL          | PRI    | 9                     | 0         | 0    | 9     | 9      |      |
| ENERGY DELIVERY         | SYSTEM OPERATION              | RELAY                         | PRR    | 9                     | 0         | 0    | 9     | 10     | (1)  |
| ENERGY DELIVERY         | SYSTEM OPERATION              | SUBSTATION                    | PRS    | 34                    | 0         | 0    | 34    | 37     | (3)  |
| ENERGY DELIVERY         | SYSTEM OPERATION              | CONSTRUCTION MANAGEMENT       | PRX    | 3                     | 0         | 0    | 3     | 3      |      |
| ENERGY DELIVERY         | VP ENERGY DELIVERY            | VP ENERGY DELIVERY            | P2V    | 2                     | 0         | 0    | 2     | 3      | (1)  |
| ENERGY DELIVERY         |                               | SUBTOTAL                      |        | 482                   | 0         | 0    | 482   | 501    | (19) |
| FINANCE                 | FINANCIAL VICE PRESIDENT      | FINANCIAL VICE PRESIDENT      | P4V    | 4                     | 0         | 0    | 4     | 3      | 1    |
| FINANCE                 | GENERAL ACCOUNTING            | ADMINISTRATION                | PAA    | 5                     | 0         | 0    | 5     | 5      |      |
| FINANCE                 | GENERAL ACCOUNTING            | CORPORATE ACCOUNTING          | PAC    | 5                     | 0         | 0    | 5     | 5      |      |
| FINANCE                 | GENERAL ACCOUNTING            | COST ACCOUNTING               | PAD    | 10                    | 0         | 0    | 10    | 10     |      |
| FINANCE                 | GENERAL ACCOUNTING            | PROPERTY ACCOUNTING           | PAT    | 5                     | 0         | 0    | 5     | 6      | (1)  |
| FINANCE                 | INFO TECHNOLOGY & SVCS        | ADMINISTRATION                | PEA    | 2                     | 0         | 0    | 2     | 2      |      |
| FINANCE                 | INFO TECHNOLOGY & SVCS        | CUSTOMER CARE                 | PEC    | 24                    | 0         | 1    | 25    | 20     | 5    |
| FINANCE                 | INFO TECHNOLOGY & SVCS        | DEVELOPMENT SERVICES          | PED    | 32                    | 0         | 0    | 32    | 35     | (3)  |
| FINANCE                 | INFO TECHNOLOGY & SVCS        | INFRASTRUCTURE & OPERATIONS   | PEI    | 24                    | 0         | 0    | 24    | 28     | (4)  |
| FINANCE                 | INFO TECHNOLOGY & SVCS        | MAILING SERVICES              | PEM    | 9                     | 0         | 0    | 9     | 9      |      |
| FINANCE                 | MANAGEMENT ACCTG & FIN SVCS   | ADMINISTRATION                | PKB    | 3                     | 0         | 0    | 3     | 4      | (1)  |
| FINANCE                 | MANAGEMENT ACCTG & FIN SVCS   | BUDGETS                       | PKC    | 7                     | 0         | 0    | 7     | 7      |      |
| FINANCE                 | MANAGEMENT ACCTG & FIN SVCS   | FINANCIAL ANALYSIS            | PKF    | 3                     | 0         | 0    | 3     | 3      |      |
| FINANCE                 | MANAGEMENT ACCTG & FIN SVCS   | ERP ADMINISTRATION            | PKM    | 3                     | 0         | 0    | 3     | 3      |      |
| FINANCE                 | MANAGEMENT ACCTG & FIN SVCS   | TREASURY                      | PKT    | 5                     | 0         | 0    | 5     | 5      |      |
| FINANCE                 | RISK MANAGEMENT               | RISK MANAGEMENT               | PKI    | 9                     | 0         | 0    | 9     | 9      |      |
| FINANCE                 |                               | SUBTOTAL                      |        | 150                   | 0         | 1    | 151   | 154    | (3)  |
| GENERAL COUNSEL         | LEGAL                         | LEGAL                         | PNC    | 11                    | 0         | 0    | 11    | 11     |      |
| GENERAL COUNSEL         | LEGAL                         | LAND & RIGHTS OF WAY          | PNL    | 5                     | 0         | 0    | 5     | 5      |      |
| GENERAL COUNSEL         | VP GENERAL COUNSEL            | VP-GENERAL COUNSEL            | P5V    | 2                     | 0         | 0    | 2     | 2      |      |



| VICE PRESIDENT'S OFFICE  | DEPARTMENT NAME              | DIVISION NAME                | RA  | ACTUAL EMPLOYEE COUNT |           |      |       | BUDGET | DIFF |
|--------------------------|------------------------------|------------------------------|-----|-----------------------|-----------|------|-------|--------|------|
|                          |                              |                              |     | FULL TIME             | PART TIME | TEMP | TOTAL |        |      |
| GENERAL COUNSEL          |                              | SUBTOTAL                     |     | 18                    | 0         | 0    | 18    | 18     | 0    |
| GOVT & COMMUNITY AFFAIRS | EDUCATION & CONSUMER AFFAIRS | EDUCATION & CONSUMER AFFAIRS | PQE | 6                     | 0         | 0    | 6     | 7      | (1)  |
| GOVT & COMMUNITY AFFAIRS | REGULATORY AFFAIRS           | REGULATORY AFFAIRS           | PNP | 6                     | 0         | 0    | 6     | 7      | (1)  |
| GOVT & COMMUNITY AFFAIRS | VP GOVT & COMMUNITY AFFAIRS  | VP GOVT & COMMUNITY AFFAIRS  | P3V | 6                     | 0         | 0    | 6     | 5      | 1    |
| GOVT & COMMUNITY AFFAIRS |                              | SUBTOTAL                     |     | 18                    | 0         | 0    | 18    | 19     | (1)  |
| POWER SUPPLY             | ENVIRONMENTAL                | ADMINISTRATION               | PJA | 4                     | 0         | 0    | 4     | 4      |      |
| POWER SUPPLY             | ENVIRONMENTAL                | AIR QUALITY & NOISE          | PJB | 6                     | 0         | 0    | 6     | 6      |      |
| POWER SUPPLY             | ENVIRONMENTAL                | CHEMISTRY                    | PJC | 6                     | 0         | 1    | 7     | 7      |      |
| POWER SUPPLY             | ENVIRONMENTAL                | WATER & HAZARDOUS MATERIAL   | PJW | 7                     | 0         | 0    | 7     | 7      |      |
| POWER SUPPLY             | POWER SUPPLY ENGINEERING     | ADMINISTRATION               | PYA | 3                     | 0         | 0    | 3     | 3      |      |
| POWER SUPPLY             | POWER SUPPLY ENGINEERING     | SUPPORT STAFF                | PYC | 2                     | 0         | 0    | 2     | 2      |      |
| POWER SUPPLY             | POWER SUPPLY ENGINEERING     | PS TECHNICAL SERVICES        | PYE | 9                     | 0         | 0    | 9     | 9      |      |
| POWER SUPPLY             | POWER SUPPLY ENGINEERING     | POWER PLANT ELECT ENGRG      | PYF | 10                    | 0         | 0    | 10    | 8      | 2    |
| POWER SUPPLY             | POWER SUPPLY ENGINEERING     | POWER PLANT DRAFTING         | PYG | 2                     | 0         | 0    | 2     | 2      |      |
| POWER SUPPLY             | POWER SUPPLY ENGINEERING     | POWER PLANT PROJECT MGT      | PYJ | 5                     | 0         | 0    | 5     | 4      | 1    |
| POWER SUPPLY             | POWER SUPPLY ENGINEERING     | POWER PLANT MECH ENGRG       | PYM | 9                     | 0         | 0    | 9     | 9      |      |
| POWER SUPPLY             | POWER SUPPLY OPER & MAINT    | O&M ADMINISTRATION           | PIB | 7                     | 0         | 0    | 7     | 10     | (3)  |
| POWER SUPPLY             | POWER SUPPLY OPER & MAINT    | HONOLULU STATION OPERATIONS  | PIH | 21                    | 0         | 0    | 21    | 26     | (5)  |
| POWER SUPPLY             | POWER SUPPLY OPER & MAINT    | KAHE STATION OPERATIONS      | PIK | 57                    | 0         | 0    | 57    | 58     | (1)  |
| POWER SUPPLY             | POWER SUPPLY OPER & MAINT    | KAHE STATION MAINTENANCE     | PIL | 27                    | 0         | 0    | 27    | 38     | (11) |
| POWER SUPPLY             | POWER SUPPLY OPER & MAINT    | MAINTENANCE ADMINISTRATION   | PIM | 2                     | 0         | 0    | 2     | 2      |      |
| POWER SUPPLY             | POWER SUPPLY OPER & MAINT    | HONOLULU STATION MAINTENANCE | PIN | 8                     | 0         | 0    | 8     | 9      | (1)  |
| POWER SUPPLY             | POWER SUPPLY OPER & MAINT    | OPERATIONS ADMINISTRATION    | PIO | 3                     | 0         | 0    | 3     | 1      | 2    |
| POWER SUPPLY             | POWER SUPPLY OPER & MAINT    | PLANNING AND ENGINEERING     | PIP | 17                    | 0         | 0    | 17    | 21     | (4)  |
| POWER SUPPLY             | POWER SUPPLY OPER & MAINT    | TRAVELING MAINTENANCE        | PIT | 67                    | 0         | 0    | 67    | 74     | (7)  |
| POWER SUPPLY             | POWER SUPPLY OPER & MAINT    | WAI'AU STATION OPERATIONS    | PIW | 62                    | 0         | 0    | 62    | 62     |      |
| POWER SUPPLY             | POWER SUPPLY OPER & MAINT    | WAI'AU STATION MAINTENANCE   | PIX | 26                    | 0         | 0    | 26    | 37     | (11) |
| POWER SUPPLY             | POWER SUPPLY SERVICES        | SERVICES ADMINISTRATION      | PIA | 5                     | 0         | 0    | 5     | 5      |      |
| POWER SUPPLY             | POWER SUPPLY SERVICES        | POWER PURCHASE               | PIC | 6                     | 0         | 0    | 6     | 6      |      |
| POWER SUPPLY             | POWER SUPPLY SERVICES        | FUEL RESOURCES               | PIF | 3                     | 0         | 0    | 3     | 5      | (2)  |
| POWER SUPPLY             | POWER SUPPLY SERVICES        | GENERATION PLANNING          | PYB | 9                     | 0         | 0    | 9     | 10     | (1)  |
| POWER SUPPLY             | POWER SUPPLY SERVICES        | TRANSMISSION PLANNING        | PYT | 8                     | 0         | 0    | 8     | 8      |      |
| POWER SUPPLY             | VP POWER SUPPLY              | VP POWER SUPPLY              | P7V | 2                     | 0         | 0    | 2     | 2      |      |
| POWER SUPPLY             |                              | SUBTOTAL                     |     | 393                   | 0         | 1    | 394   | 435    | (41) |
| PRESIDENT - HECO         | CORPORATE AUDIT & COMPLIANCE | INTERNAL AUDIT               | PNA | 2                     | 0         | 0    | 2     | 6      | (4)  |
| PRESIDENT - HECO         | CORPORATE AUDIT & COMPLIANCE | SOX COMPLIANCE               | PNS | 3                     | 0         | 0    | 3     |        | 3    |
| PRESIDENT - HECO         | CORPORATE AUDIT & COMPLIANCE | ADMINISTRATION               | PNX | 3                     | 0         | 0    | 3     |        | 3    |
| PRESIDENT - HECO         | PRESIDENTS OFFICE            | PRESIDENTS OFFICE            | P9P | 5                     | 0         | 0    | 5     | 3      | 2    |
| PRESIDENT - HECO         |                              | SUBTOTAL                     |     | 13                    | 0         | 0    | 13    | 9      | 4    |
| SPECIAL PROJECTS         | VP SPECIAL PROJECTS          | VP SPECIAL PROJECTS          | P2W | 4                     | 0         | 0    | 4     | 0      | 4    |
| SPECIAL PROJECTS         |                              | SUBTOTAL                     |     | 4                     | 0         | 0    | 4     | 0      | 4    |
| SR VP ENERGY SOLUTIONS   | CUSTOMER INSTALLATION        | ADMINISTRATION               | PWA | 10                    | 0         | 0    | 10    | 10     |      |
| SR VP ENERGY SOLUTIONS   | CUSTOMER INSTALLATION        | PLANNING & DESIGN            | PWP | 22                    | 0         | 1    | 23    | 26     | (3)  |
| SR VP ENERGY SOLUTIONS   | CUSTOMER INSTALLATION        | ENGINEERING & METER          | PWX | 13                    | 0         | 0    | 13    | 11     | 2    |
| SR VP ENERGY SOLUTIONS   | ENERGY PROJECTS              | ENERGY PROJECTS              | PNG | 8                     | 0         | 0    | 8     | 8      |      |
| SR VP ENERGY SOLUTIONS   | SR VP ENERGY SOLUTIONS       | SR VP ENERGY SOLUTIONS       | P9S | 4                     | 0         | 0    | 4     | 4      |      |
| SR VP ENERGY SOLUTIONS   | TECHNOLOGY                   | TECHNOLOGY                   | PNR | 2                     | 0         | 1    | 3     | 2      | 1    |
| SR VP ENERGY SOLUTIONS   |                              | SUBTOTAL                     |     | 59                    | 0         | 2    | 61    | 61     | 0    |
| SR VP OPERATIONS         | CUSTOMER SERVICE             | ADMINISTRATION               | PCA | 5                     | 0         | 0    | 5     | 5      |      |
| SR VP OPERATIONS         | CUSTOMER SERVICE             | CUST ACCOUNTING & BILLING    | PCB | 6                     | 0         | 0    | 6     | 8      | (2)  |
| SR VP OPERATIONS         | CUSTOMER SERVICE             | CREDIT                       | PCD | 4                     | 0         | 0    | 4     | 3      | 1    |
| SR VP OPERATIONS         | CUSTOMER SERVICE             | CUSTOMER FIELD SERVICES      | PCF | 5                     | 0         | 0    | 5     | 4      | 1    |
| SR VP OPERATIONS         | CUSTOMER SERVICE             | FIELD SERVICE & COLLECTIONS  | PCG | 25                    | 0         | 0    | 25    | 25     |      |
| SR VP OPERATIONS         | CUSTOMER SERVICE             | CUSTOMER ASSISTANCE CENTER   | PCH | 29                    | 0         | 0    | 29    | 31     | (2)  |
| SR VP OPERATIONS         | CUSTOMER SERVICE             | METER READING                | PCM | 31                    | 0         | 0    | 31    | 35     | (4)  |
| SR VP OPERATIONS         | CUSTOMER SERVICE             | PAYMT PROCESS & SUPPORT CTR  | PCP | 15                    | 0         | 0    | 15    | 20     | (5)  |
| SR VP OPERATIONS         | CUSTOMER SERVICE             | CUSTOMER ACCOUNT SERVICES    | PCS | 4                     | 0         | 0    | 4     | 3      | 1    |
| SR VP OPERATIONS         | SR VP OPERATIONS             | SR VP OPERATIONS             | P8V | 2                     | 0         | 0    | 2     | 2      |      |
| SR VP OPERATIONS         |                              | SUBTOTAL                     |     | 126                   | 0         | 0    | 126   | 136    | (10) |
| SR VP PUBLIC AFFAIRS     | GOVERNMENTAL RELATIONS       | GOVERNMENTAL RELATIONS       | PNI | 3                     | 0         | 0    | 3     | 3      |      |
| SR VP PUBLIC AFFAIRS     | SR VP PUBLIC AFFAIRS         | SR VP PUBLIC AFFAIRS         | P9V | 2                     | 0         | 0    | 2     | 2      |      |
| SR VP PUBLIC AFFAIRS     |                              | SUBTOTAL                     |     | 5                     | 0         | 0    | 5     | 5      | 0    |
|                          |                              | COMPANY TOTAL                |     | 1424                  | 1         | 4    | 1429  | 1489   | (60) |

\*Forecast Budget count for RA PDS includes RA's PDJ, PDK, PDL & PDU.

\*\*Employee Counts have been adjusted to exclude employees covered under the DSM surcharge adjustment docket.

†Updated to reflect D&O 23258: DSM employees previously removed from employee counts are added back (2 Budget; 1 Actual)



| VICE PRESIDENT'S OFFICE | DEPARTMENT NAME               | DIVISION NAME                 | RA      | ACTUAL EMPLOYEE COUNT |           |      |       | BUDGET | DIFF |
|-------------------------|-------------------------------|-------------------------------|---------|-----------------------|-----------|------|-------|--------|------|
|                         |                               |                               |         | FULL TIME             | PART TIME | TEMP | TOTAL |        |      |
| CORPORATE EXCELLENCE    | COMPENSATION AND BENEFITS     | EMPL BENEFITS & HLTH SVCS     | PFB     | 9                     | 0         | 0    | 9     | 9      |      |
| CORPORATE EXCELLENCE    | COMPENSATION AND BENEFITS     | COMPENSATION                  | PFC     | 2                     | 0         | 0    | 2     | 2      |      |
| CORPORATE EXCELLENCE    | COMPENSATION AND BENEFITS     | DISABILITY MANAGEMENT         | PPW     | 3                     | 0         | 0    | 3     | 3      |      |
| CORPORATE EXCELLENCE    | INDUSTRIAL RELATIONS          | ADMINISTRATION                | PPA     | 3                     | 0         | 0    | 3     | 3      |      |
| CORPORATE EXCELLENCE    | INDUSTRIAL RELATIONS          | LABOR REL & WAGE ADMIN        | PPI     | 6                     | 0         | 0    | 6     | 6      |      |
| CORPORATE EXCELLENCE    | SAFETY, SECURITY & FACILITIES | CORPORATE SAFETY              | PFS     | 12                    | 0         | 0    | 12    | 11     | 1    |
| CORPORATE EXCELLENCE    | SAFETY, SECURITY & FACILITIES | ADMINISTRATION                | PHA     | 2                     | 0         | 0    | 2     | 2      |      |
| CORPORATE EXCELLENCE    | SAFETY, SECURITY & FACILITIES | FACILITIES OPERATIONS         | PHB     | 15                    | 0         | 0    | 15    | 15     |      |
| CORPORATE EXCELLENCE    | SAFETY, SECURITY & FACILITIES | FACILITIES PLANNING           | PHF     | 6                     | 0         | 0    | 6     | 5      | 1    |
| CORPORATE EXCELLENCE    | SAFETY, SECURITY & FACILITIES | SECURITY                      | PHS     | 14                    | 0         | 0    | 14    | 10     | 4    |
| CORPORATE EXCELLENCE    | VP CORPORATE EXCELLENCE       | VP CORPORATE EXCELLENCE       | P6V     | 2                     | 0         | 0    | 2     | 2      |      |
| CORPORATE EXCELLENCE    | WORKFORCE STAFFING & DEVELOP  | ADMINISTRATION                | PFA     | 4                     | 0         | 0    | 4     | 5      | (1)  |
| CORPORATE EXCELLENCE    | WORKFORCE STAFFING & DEVELOP  | CLIENT SERVICES & CONSULTING  | PFD     | 9                     | 0         | 2    | 11    | 5      | 6    |
| CORPORATE EXCELLENCE    | WORKFORCE STAFFING & DEVELOP  | ORGANIZ DEV & CONTIN IMPRVMT  | PFI     | 3                     | 0         | 0    | 3     | 6      | (3)  |
| CORPORATE EXCELLENCE    |                               | SUBTOTAL                      |         | 90                    | 0         | 2    | 92    | 84     | 8    |
| CORPORATE RELATIONS     | CORPORATE COMMUNICATIONS      | CORPORATE COMMUNICATIONS      | PQC     | 9                     | 1         | 0    | 10    | 11     | (1)  |
| CORPORATE RELATIONS     | VP CORPORATE RELATIONS        | VP CORPORATE RELATIONS        | P1V     | 2                     | 0         | 0    | 2     | 2      |      |
| CORPORATE RELATIONS     |                               | SUBTOTAL                      |         | 11                    | 1         | 0    | 12    | 13     | (1)  |
| CUSTOMER SOLUTIONS      | CUSTOMER TECH APPLICATIONS    | CUSTOMER TECH APPLICATIONS    | PSR     | 9                     | 0         | 0    | 9     | 10     | (1)  |
| CUSTOMER SOLUTIONS      | ENERGY SERVICES               | ADMINISTRATION                | PSA     | 3                     | 0         | 0    | 3     | 2      | 1    |
| CUSTOMER SOLUTIONS      | ENERGY SERVICES               | CUSTOMER EFFICIENCY PROGRAM   | PSD***1 | 9                     | 0         | 0    | 9     | 10     | (1)  |
| CUSTOMER SOLUTIONS      | ENERGY SERVICES               | PRICING                       | PSP     | 5                     | 0         | 0    | 5     | 5      |      |
| CUSTOMER SOLUTIONS      | FORECASTS & RESEARCH          | FORECASTS & RESEARCH          | PSM**   | 10                    | 0         | 0    | 10    | 11     | (1)  |
| CUSTOMER SOLUTIONS      | INTEGRATED RESOURCE PLNG      | INTEGRATED RESOURCE PLANNING  | PYP     | 3                     | 0         | 0    | 3     | 4      | (1)  |
| CUSTOMER SOLUTIONS      | MARKETING SERVICES            | MARKETING SERVICES            | PSN     | 12                    | 0         | 0    | 12    | 12     |      |
| CUSTOMER SOLUTIONS      | VP CUSTOMER SOLUTIONS         | CUSTOMER SOLUTIONS            | P1W     | 2                     | 0         | 0    | 2     | 0      | 2    |
| CUSTOMER SOLUTIONS      |                               | SUBTOTAL                      |         | 53                    | 0         | 0    | 53    | 54     | (1)  |
| ENERGY DELIVERY         | CONSTRUCTION & MAINTENANCE    | ADMINISTRATION                | PDA     | 5                     | 0         | 0    | 5     | 5      |      |
| ENERGY DELIVERY         | CONSTRUCTION & MAINTENANCE    | CONTROL SECTION               | PDC     | 6                     | 0         | 0    | 6     | 9      | (3)  |
| ENERGY DELIVERY         | CONSTRUCTION & MAINTENANCE    | TRAINING SECTION              | PDD     | 3                     | 0         | 0    | 3     | 1      | 2    |
| ENERGY DELIVERY         | CONSTRUCTION & MAINTENANCE    | FIELD OPERATION               | PDF     | 24                    | 0         | 0    | 24    | 27     | (3)  |
| ENERGY DELIVERY         | CONSTRUCTION & MAINTENANCE    | WEST OVERHEAD                 | PDJ*    | 53                    | 0         | 0    | 53    |        |      |
| ENERGY DELIVERY         | CONSTRUCTION & MAINTENANCE    | EAST OVERHEAD-KOOLAU          | PKD*    | 25                    | 0         | 0    | 25    |        |      |
| ENERGY DELIVERY         | CONSTRUCTION & MAINTENANCE    | EAST OVERHEAD-WARD            | PDL*    | 43                    | 0         | 0    | 43    |        |      |
| ENERGY DELIVERY         | CONSTRUCTION & MAINTENANCE    | UNDERGROUND                   | PDU*    | 26                    | 0         | 0    | 26    |        |      |
| ENERGY DELIVERY         | CONSTRUCTION & MAINTENANCE    | OPERATIONS                    | PDS*    | 13                    | 0         | 0    | 13    | 166    | (6)  |
| ENERGY DELIVERY         | CONSTRUCTION & MAINTENANCE    | PLANNING                      | PDP     | 17                    | 0         | 0    | 17    | 11     | 6    |
| ENERGY DELIVERY         | CONSTRUCTION & MAINTENANCE    | VEGETATION MANAGEMENT         | PDV     | 2                     | 0         | 0    | 2     | 2      |      |
| ENERGY DELIVERY         | ENGINEERING                   | ADMINISTRATION                | PBA     | 7                     | 0         | 0    | 7     | 7      |      |
| ENERGY DELIVERY         | ENGINEERING                   | T&D ENGINEERING               | PBE     | 22                    | 0         | 3    | 25    | 21     | 4    |
| ENERGY DELIVERY         | ENGINEERING                   | PROJECT MANAGEMENT            | PBP     | 6                     | 0         | 0    | 6     | 8      | (2)  |
| ENERGY DELIVERY         | ENGINEERING                   | STRUCTURAL                    | PBT     | 17                    | 0         | 2    | 19    | 18     | 1    |
| ENERGY DELIVERY         | ENGINEERING                   | SUBST, PROTECTION & TELECOM   | PBY     | 21                    | 0         | 4    | 25    | 21     | 4    |
| ENERGY DELIVERY         | ENGINEERING                   | T&D TECHNICAL SERVICES        | PBZ     | 9                     | 0         | 1    | 10    | 12     | (2)  |
| ENERGY DELIVERY         | SUPPORT SERVICES              | ADMINISTRATION                | PVA     | 5                     | 0         | 0    | 5     | 5      |      |
| ENERGY DELIVERY         | SUPPORT SERVICES              | FLEET                         | PVF     | 23                    | 0         | 0    | 23    | 25     | (2)  |
| ENERGY DELIVERY         | SUPPORT SERVICES              | ELECTRICAL & WELDING SERVICES | PVL     | 13                    | 0         | 0    | 13    | 13     |      |
| ENERGY DELIVERY         | SUPPORT SERVICES              | MATERIALS MANAGEMENT          | PVM     | 28                    | 0         | 0    | 28    | 28     |      |
| ENERGY DELIVERY         | SUPPORT SERVICES              | PURCHASING                    | PVP     | 11                    | 0         | 0    | 11    | 10     | 1    |
| ENERGY DELIVERY         | SYSTEM OPERATION              | ADMINISTRATION                | PRA     | 6                     | 0         | 0    | 6     | 6      |      |
| ENERGY DELIVERY         | SYSTEM OPERATION              | COMMUNICATIONS                | PRC     | 8                     | 0         | 0    | 8     | 8      |      |
| ENERGY DELIVERY         | SYSTEM OPERATION              | OPERATING DISPATCH            | PRD     | 24                    | 0         | 0    | 24    | 23     | 1    |
| ENERGY DELIVERY         | SYSTEM OPERATION              | OPERATING ENGINEERING         | PRE     | 10                    | 0         | 2    | 12    | 13     | (1)  |
| ENERGY DELIVERY         | SYSTEM OPERATION              | INSTRUMENT & CONTROL          | PRI     | 9                     | 0         | 0    | 9     | 9      |      |
| ENERGY DELIVERY         | SYSTEM OPERATION              | RELAY                         | PRR     | 9                     | 0         | 0    | 9     | 10     | (1)  |
| ENERGY DELIVERY         | SYSTEM OPERATION              | SUBSTATION                    | PRS     | 38                    | 0         | 0    | 38    | 37     | 1    |
| ENERGY DELIVERY         | SYSTEM OPERATION              | CONSTRUCTION MANAGEMENT       | PRX     | 3                     | 0         | 0    | 3     | 3      |      |
| ENERGY DELIVERY         | VP ENERGY DELIVERY            | VP ENERGY DELIVERY            | P2V     | 2                     | 0         | 0    | 2     | 3      | (1)  |
| ENERGY DELIVERY         |                               | SUBTOTAL                      |         | 488                   | 0         | 12   | 500   | 501    | (1)  |
| FINANCE                 | FINANCIAL VICE PRESIDENT      | FINANCIAL VICE PRESIDENT      | P4V     | 3                     | 0         | 0    | 3     | 3      |      |
| FINANCE                 | GENERAL ACCOUNTING            | ADMINISTRATION                | PAA     | 5                     | 0         | 0    | 5     | 5      |      |
| FINANCE                 | GENERAL ACCOUNTING            | CORPORATE ACCOUNTING          | PAC     | 4                     | 0         | 0    | 4     | 5      | (1)  |
| FINANCE                 | GENERAL ACCOUNTING            | COST ACCOUNTING               | PAD     | 10                    | 0         | 0    | 10    | 10     |      |
| FINANCE                 | GENERAL ACCOUNTING            | PROPERTY ACCOUNTING           | PAT     | 5                     | 0         | 0    | 5     | 6      | (1)  |
| FINANCE                 | INFO TECHNOLOGY & SVCS        | ADMINISTRATION                | PEA     | 2                     | 0         | 0    | 2     | 2      |      |
| FINANCE                 | INFO TECHNOLOGY & SVCS        | CUSTOMER CARE                 | PEC     | 23                    | 0         | 2    | 25    | 20     | 5    |
| FINANCE                 | INFO TECHNOLOGY & SVCS        | DEVELOPMENT SERVICES          | PED     | 37                    | 0         | 0    | 37    | 35     | 2    |
| FINANCE                 | INFO TECHNOLOGY & SVCS        | INFRASTRUCTURE & OPERATIONS   | PEI     | 23                    | 0         | 1    | 24    | 28     | (4)  |
| FINANCE                 | INFO TECHNOLOGY & SVCS        | MAILING SERVICES              | PEM     | 10                    | 0         | 0    | 10    | 9      | 1    |
| FINANCE                 | MANAGEMENT ACCTG & FIN SVCS   | ADMINISTRATION                | PKB     | 4                     | 0         | 0    | 4     | 4      |      |
| FINANCE                 | MANAGEMENT ACCTG & FIN SVCS   | BUDGETS                       | PKC     | 7                     | 0         | 0    | 7     | 7      |      |
| FINANCE                 | MANAGEMENT ACCTG & FIN SVCS   | FINANCIAL ANALYSIS            | PKF     | 3                     | 0         | 0    | 3     | 3      |      |
| FINANCE                 | MANAGEMENT ACCTG & FIN SVCS   | ERP ADMINISTRATION            | PKM     | 3                     | 0         | 0    | 3     | 3      |      |
| FINANCE                 | MANAGEMENT ACCTG & FIN SVCS   | TREASURY                      | PKT     | 5                     | 0         | 1    | 6     | 5      | 1    |
| FINANCE                 | RISK MANAGEMENT               | RISK MANAGEMENT               | PKI     | 9                     | 0         | 0    | 9     | 9      |      |
| FINANCE                 |                               | SUBTOTAL                      |         | 153                   | 0         | 4    | 157   | 154    | 3    |
| GENERAL COUNSEL         | LEGAL                         | LEGAL                         | PNC     | 11                    | 0         | 0    | 11    | 11     |      |
| GENERAL COUNSEL         | LEGAL                         | LAND & RIGHTS OF WAY          | PNL     | 5                     | 0         | 0    | 5     | 5      |      |
| GENERAL COUNSEL         | VP GENERAL COUNSEL            | VP-GENERAL COUNSEL            | P5V     | 2                     | 0         | 0    | 2     | 2      |      |



| VICE PRESIDENT'S OFFICE  | DEPARTMENT NAME              | DIVISION NAME                | RA  | ACTUAL EMPLOYEE COUNT |           |      |       | BUDGET | DIFF |
|--------------------------|------------------------------|------------------------------|-----|-----------------------|-----------|------|-------|--------|------|
|                          |                              |                              |     | FULL TIME             | PART TIME | TEMP | TOTAL |        |      |
| GENERAL COUNSEL          |                              | SUBTOTAL                     |     | 18                    | 0         | 0    | 18    | 18     | 0    |
| GOVT & COMMUNITY AFFAIRS | EDUCATION & CONSUMER AFFAIRS | EDUCATION & CONSUMER AFFAIRS | PQE | 8                     | 0         | 0    | 8     | 7      | 1    |
| GOVT & COMMUNITY AFFAIRS | REGULATORY AFFAIRS           | REGULATORY AFFAIRS           | PNP | 8                     | 0         | 0    | 8     | 7      | 1    |
| GOVT & COMMUNITY AFFAIRS | VP GOVT & COMMUNITY AFFAIRS  | VP GOVT & COMMUNITY AFFAIRS  | P3V | 6                     | 0         | 0    | 6     | 5      | 1    |
| GOVT & COMMUNITY AFFAIRS |                              | SUBTOTAL                     |     | 22                    | 0         | 0    | 22    | 19     | 3    |
| POWER SUPPLY             | ENVIRONMENTAL                | ADMINISTRATION               | PJA | 4                     | 0         | 0    | 4     | 4      |      |
| POWER SUPPLY             | ENVIRONMENTAL                | AIR QUALITY & NOISE          | PJB | 6                     | 0         | 0    | 6     | 6      |      |
| POWER SUPPLY             | ENVIRONMENTAL                | CHEMISTRY                    | PJC | 6                     | 0         | 1    | 7     | 7      |      |
| POWER SUPPLY             | ENVIRONMENTAL                | WATER & HAZARDOUS MATERIAL   | PJW | 7                     | 0         | 0    | 7     | 7      |      |
| POWER SUPPLY             | POWER SUPPLY ENGINEERING     | ADMINISTRATION               | PYA | 3                     | 0         | 0    | 3     | 3      |      |
| POWER SUPPLY             | POWER SUPPLY ENGINEERING     | SUPPORT STAFF                | PYC | 2                     | 0         | 0    | 2     | 2      |      |
| POWER SUPPLY             | POWER SUPPLY ENGINEERING     | PS TECHNICAL SERVICES        | PYE | 8                     | 0         | 0    | 8     | 9      | (1)  |
| POWER SUPPLY             | POWER SUPPLY ENGINEERING     | POWER PLANT ELECT ENGRG      | PYF | 12                    | 0         | 0    | 12    | 8      | 4    |
| POWER SUPPLY             | POWER SUPPLY ENGINEERING     | POWER PLANT DRAFTING         | PYG | 2                     | 0         | 0    | 2     | 2      |      |
| POWER SUPPLY             | POWER SUPPLY ENGINEERING     | POWER PLANT PROJECT MGT      | PYJ | 5                     | 0         | 0    | 5     | 4      | 1    |
| POWER SUPPLY             | POWER SUPPLY ENGINEERING     | POWER PLANT MECH ENGRG       | PYM | 12                    | 0         | 0    | 12    | 9      | 3    |
| POWER SUPPLY             | POWER SUPPLY OPER & MAINT    | O&M ADMINISTRATION           | PIB | 8                     | 0         | 0    | 8     | 10     | (2)  |
| POWER SUPPLY             | POWER SUPPLY OPER & MAINT    | HONOLULU STATION OPERATIONS  | PIH | 24                    | 0         | 0    | 24    | 26     | (2)  |
| POWER SUPPLY             | POWER SUPPLY OPER & MAINT    | KAHE STATION OPERATIONS      | PIK | 54                    | 0         | 0    | 54    | 58     | (4)  |
| POWER SUPPLY             | POWER SUPPLY OPER & MAINT    | KAHE STATION MAINTENANCE     | PIL | 28                    | 0         | 0    | 28    | 38     | (10) |
| POWER SUPPLY             | POWER SUPPLY OPER & MAINT    | MAINTENANCE ADMINISTRATION   | PIM | 2                     | 0         | 0    | 2     | 2      |      |
| POWER SUPPLY             | POWER SUPPLY OPER & MAINT    | HONOLULU STATION MAINTENANCE | PIN | 9                     | 0         | 0    | 9     | 9      |      |
| POWER SUPPLY             | POWER SUPPLY OPER & MAINT    | OPERATIONS ADMINISTRATION    | PIO | 3                     | 0         | 0    | 3     | 1      | 2    |
| POWER SUPPLY             | POWER SUPPLY OPER & MAINT    | PLANNING AND ENGINEERING     | PIP | 17                    | 0         | 3    | 20    | 21     | (1)  |
| POWER SUPPLY             | POWER SUPPLY OPER & MAINT    | TRAVELING MAINTENANCE        | PIT | 63                    | 0         | 0    | 63    | 74     | (11) |
| POWER SUPPLY             | POWER SUPPLY OPER & MAINT    | WAIU STATION OPERATIONS      | PIW | 58                    | 0         | 0    | 58    | 62     | (4)  |
| POWER SUPPLY             | POWER SUPPLY OPER & MAINT    | WAIU STATION MAINTENANCE     | PIX | 26                    | 0         | 0    | 26    | 37     | (11) |
| POWER SUPPLY             | POWER SUPPLY SERVICES        | SERVICES ADMINISTRATION      | PIA | 5                     | 0         | 0    | 5     | 5      |      |
| POWER SUPPLY             | POWER SUPPLY SERVICES        | POWER PURCHASE               | PIC | 6                     | 0         | 0    | 6     | 6      |      |
| POWER SUPPLY             | POWER SUPPLY SERVICES        | FUEL RESOURCES               | PIF | 4                     | 0         | 0    | 4     | 5      | (1)  |
| POWER SUPPLY             | POWER SUPPLY SERVICES        | GENERATION PLANNING          | PYB | 9                     | 0         | 0    | 9     | 10     | (1)  |
| POWER SUPPLY             | POWER SUPPLY SERVICES        | TRANSMISSION PLANNING        | PYT | 8                     | 0         | 0    | 8     | 8      |      |
| POWER SUPPLY             | VP POWER SUPPLY              | VP POWER SUPPLY              | P7V | 2                     | 0         | 0    | 2     | 2      |      |
| POWER SUPPLY             |                              | SUBTOTAL                     |     | 393                   | 0         | 4    | 397   | 435    | (38) |
| PRESIDENT - HECO         | CORPORATE AUDIT & COMPLIANCE | INTERNAL AUDIT               | PNA | 2                     | 0         | 0    | 2     | 6      | (4)  |
| PRESIDENT - HECO         | CORPORATE AUDIT & COMPLIANCE | SOX COMPLIANCE               | PNS | 4                     | 0         | 0    | 4     |        | 4    |
| PRESIDENT - HECO         | CORPORATE AUDIT & COMPLIANCE | ADMINISTRATION               | PNX | 3                     | 0         | 0    | 3     |        | 3    |
| PRESIDENT - HECO         | PRESIDENTS OFFICE            | PRESIDENTS OFFICE            | P9P | 5                     | 0         | 0    | 5     | 3      | 2    |
| PRESIDENT - HECO         |                              | SUBTOTAL                     |     | 14                    | 0         | 0    | 14    | 9      | 5    |
| SPECIAL PROJECTS         | VP SPECIAL PROJECTS          | VP SPECIAL PROJECTS          | P2W | 3                     | 0         | 0    | 3     |        | 3    |
| SPECIAL PROJECTS         |                              | SUBTOTAL                     |     | 3                     | 0         | 0    | 3     | 0      | 3    |
| SR VP ENERGY SOLUTIONS   | CUSTOMER INSTALLATION        | ADMINISTRATION               | PWA | 11                    | 0         | 1    | 12    | 10     | 2    |
| SR VP ENERGY SOLUTIONS   | CUSTOMER INSTALLATION        | PLANNING & DESIGN            | PWP | 21                    | 0         | 0    | 21    | 27     | (6)  |
| SR VP ENERGY SOLUTIONS   | CUSTOMER INSTALLATION        | ENGINEERING & METER          | PWX | 13                    | 0         | 0    | 13    | 11     | 2    |
| SR VP ENERGY SOLUTIONS   | ENERGY PROJECTS              | ENERGY PROJECTS              | PNG | 9                     | 0         | 0    | 9     | 8      | 1    |
| SR VP ENERGY SOLUTIONS   | SR VP ENERGY SOLUTIONS       | SR VP ENERGY SOLUTIONS       | P9S | 4                     | 0         | 0    | 4     | 4      |      |
| SR VP ENERGY SOLUTIONS   | TECHNOLOGY                   | TECHNOLOGY                   | PNR | 2                     | 0         | 1    | 3     | 2      | 1    |
| SR VP ENERGY SOLUTIONS   |                              | SUBTOTAL                     |     | 60                    | 0         | 2    | 62    | 62     | 0    |
| SR VP OPERATIONS         | CUSTOMER SERVICE             | ADMINISTRATION               | PCA | 4                     | 0         | 0    | 4     | 5      | (1)  |
| SR VP OPERATIONS         | CUSTOMER SERVICE             | CUST ACCOUNTING & BILLING    | PCB | 6                     | 0         | 0    | 6     | 8      | (2)  |
| SR VP OPERATIONS         | CUSTOMER SERVICE             | CREDIT                       | PCD | 5                     | 0         | 0    | 5     | 3      | 2    |
| SR VP OPERATIONS         | CUSTOMER SERVICE             | CUSTOMER FIELD SERVICES      | PCF | 5                     | 0         | 0    | 5     | 4      | 1    |
| SR VP OPERATIONS         | CUSTOMER SERVICE             | FIELD SERVICE & COLLECTIONS  | PCG | 27                    | 0         | 0    | 27    | 25     | 2    |
| SR VP OPERATIONS         | CUSTOMER SERVICE             | CUSTOMER ASSISTANCE CENTER   | PCH | 29                    | 0         | 0    | 29    | 31     | (2)  |
| SR VP OPERATIONS         | CUSTOMER SERVICE             | METER READING                | PCM | 35                    | 0         | 0    | 35    | 35     |      |
| SR VP OPERATIONS         | CUSTOMER SERVICE             | PAYMT PROCESS & SUPPORT CTR  | PCP | 17                    | 0         | 0    | 17    | 20     | (3)  |
| SR VP OPERATIONS         | CUSTOMER SERVICE             | CUSTOMER ACCOUNT SERVICES    | PCS | 4                     | 0         | 0    | 4     | 3      | 1    |
| SR VP OPERATIONS         | SR VP OPERATIONS             | SR VP OPERATIONS             | P8V | 2                     | 0         | 0    | 2     | 2      |      |
| SR VP OPERATIONS         |                              | SUBTOTAL                     |     | 134                   | 0         | 0    | 134   | 136    | (2)  |
| SR VP PUBLIC AFFAIRS     | GOVERNMENTAL RELATIONS       | GOVERNMENTAL RELATIONS       | PNI | 3                     | 0         | 0    | 3     | 2      | 1    |
| SR VP PUBLIC AFFAIRS     | SR VP PUBLIC AFFAIRS         | SR VP PUBLIC AFFAIRS         | P9V | 2                     | 0         | 0    | 2     | 2      |      |
| SR VP PUBLIC AFFAIRS     |                              | SUBTOTAL                     |     | 5                     | 0         | 0    | 5     | 4      | 1    |
|                          |                              | COMPANY TOTAL                |     | 1444                  | 1         | 24   | 1469  | 1489   | (20) |

\*Forecast Budget count for RA PDS includes RA's PDJ, PDK, PDL & PDU.

\*\*Employee Counts have been adjusted to exclude employees covered under the DSM surcharge adjustment docket.

<sup>1</sup>Updated to reflect D&O 23258: Two DSM employees previously removed from employee counts are added back



| VICE PRESIDENT'S OFFICE | DEPARTMENT                    | DIVISION                      | RA     | ACTUAL EMPLOYEE COUNT |           |      |       | BUDGET | DIFF |
|-------------------------|-------------------------------|-------------------------------|--------|-----------------------|-----------|------|-------|--------|------|
|                         |                               |                               |        | FULL TIME             | PART TIME | TEMP | TOTAL |        |      |
| CORPORATE EXCELLENCE    | COMPENSATION AND BENEFITS     | EMPL BENEFITS & HLTH SVCS     | PFB    | 8                     | 0         | 0    | 8     | 9      | (1)  |
| CORPORATE EXCELLENCE    | COMPENSATION AND BENEFITS     | COMPENSATION                  | PFC    | 2                     | 0         | 0    | 2     | 2      |      |
| CORPORATE EXCELLENCE    | COMPENSATION AND BENEFITS     | DISABILITY MANAGEMENT         | PPW    | 3                     | 0         | 0    | 3     | 3      |      |
| CORPORATE EXCELLENCE    | INDUSTRIAL RELATIONS          | ADMINISTRATION                | PPA    | 3                     | 0         | 0    | 3     | 3      |      |
| CORPORATE EXCELLENCE    | INDUSTRIAL RELATIONS          | LABOR REL & WAGE ADMIN        | PPI    | 6                     | 0         | 0    | 6     | 6      |      |
| CORPORATE EXCELLENCE    | SAFETY, SECURITY & FACILITIES | CORPORATE SAFETY              | PFS    | 11                    | 0         | 0    | 11    | 11     |      |
| CORPORATE EXCELLENCE    | SAFETY, SECURITY & FACILITIES | ADMINISTRATION                | PHA    | 2                     | 0         | 0    | 2     | 2      |      |
| CORPORATE EXCELLENCE    | SAFETY, SECURITY & FACILITIES | FACILITIES OPERATIONS         | PHB    | 14                    | 0         | 0    | 14    | 15     | (1)  |
| CORPORATE EXCELLENCE    | SAFETY, SECURITY & FACILITIES | FACILITIES PLANNING           | PHF    | 6                     | 0         | 0    | 6     | 5      | 1    |
| CORPORATE EXCELLENCE    | SAFETY, SECURITY & FACILITIES | SECURITY                      | PHS    | 14                    | 0         | 0    | 14    | 10     | 4    |
| CORPORATE EXCELLENCE    | VP CORPORATE EXCELLENCE       | VP CORPORATE EXCELLENCE       | P6V    | 2                     | 0         | 0    | 2     | 2      |      |
| CORPORATE EXCELLENCE    | WORKFORCE STAFFING & DEVELOP  | ADMINISTRATION                | PFA    | 4                     | 0         | 0    | 4     | 5      | (1)  |
| CORPORATE EXCELLENCE    | WORKFORCE STAFFING & DEVELOP  | CLIENT SERVICES & CONSULTING  | PFD    | 9                     | 0         | 0    | 9     | 5      | 4    |
| CORPORATE EXCELLENCE    | WORKFORCE STAFFING & DEVELOP  | ORGANIZ DEV & CONTIN IMPRVMT  | PFI    | 3                     | 0         | 0    | 3     | 6      | (3)  |
| CORPORATE EXCELLENCE    |                               | SUBTOTAL                      |        | 87                    | 0         | 0    | 87    | 84     | 3    |
| CORPORATE RELATIONS     | CORPORATE COMMUNICATIONS      | CORPORATE COMMUNICATIONS      | PQC    | 9                     | 1         | 0    | 10    | 11     | (1)  |
| CORPORATE RELATIONS     | VP CORPORATE RELATIONS        | VP CORPORATE RELATIONS        | P1V    | 2                     | 0         | 0    | 2     | 2      |      |
| CORPORATE RELATIONS     |                               | SUBTOTAL                      |        | 11                    | 1         | 0    | 12    | 13     | (1)  |
| CUSTOMER SOLUTIONS      | CUSTOMER TECH APPLICATIONS    | CUSTOMER TECH APPLICATIONS    | PSR    | 8                     | 0         | 0    | 8     | 10     | (2)  |
| CUSTOMER SOLUTIONS      | ENERGY SERVICES               | ADMINISTRATION                | PSA    | 3                     | 0         | 0    | 3     | 2      | 1    |
| CUSTOMER SOLUTIONS      | ENERGY SERVICES               | CUSTOMER EFFICIENCY PROGRAM   | PSD**1 | 9                     | 0         | 0    | 9     | 10     | (1)  |
| CUSTOMER SOLUTIONS      | ENERGY SERVICES               | PRICING                       | PSP    | 4                     | 0         | 0    | 4     | 5      | (1)  |
| CUSTOMER SOLUTIONS      | FORECASTS & RESEARCH          | FORECASTS & RESEARCH          | PSM**  | 10                    | 0         | 0    | 10    | 11     | (1)  |
| CUSTOMER SOLUTIONS      | INTEGRATED RESOURCE PLNG      | INTEGRATED RESOURCE PLANNING  | PYP    | 5                     | 0         | 0    | 5     | 4      | 1    |
| CUSTOMER SOLUTIONS      | MARKETING SERVICES            | MARKETING SERVICES            | PSN    | 12                    | 0         | 0    | 12    | 12     |      |
| CUSTOMER SOLUTIONS      | VP CUSTOMER SOLUTIONS         | CUSTOMER SOLUTIONS            | P1W    | 2                     | 0         | 0    | 2     | 0      | 2    |
| CUSTOMER SOLUTIONS      |                               | SUBTOTAL                      |        | 53                    | 0         | 0    | 53    | 54     | (1)  |
| ENERGY DELIVERY         | CONSTRUCTION & MAINTENANCE    | ADMINISTRATION                | PDA    | 5                     | 0         | 0    | 5     | 5      |      |
| ENERGY DELIVERY         | CONSTRUCTION & MAINTENANCE    | CONTROL SECTION               | PDC    | 6                     | 0         | 0    | 6     | 9      | (3)  |
| ENERGY DELIVERY         | CONSTRUCTION & MAINTENANCE    | TRAINING SECTION              | PDD    | 4                     | 0         | 0    | 4     | 1      | 3    |
| ENERGY DELIVERY         | CONSTRUCTION & MAINTENANCE    | FIELD OPERATION               | PDF    | 24                    | 0         | 0    | 24    | 27     | (3)  |
| ENERGY DELIVERY         | CONSTRUCTION & MAINTENANCE    | WEST OVERHEAD                 | PDJ*   | 51                    | 0         | 0    | 51    |        |      |
| ENERGY DELIVERY         | CONSTRUCTION & MAINTENANCE    | EAST OVERHEAD-KOOLAU          | PDK*   | 25                    | 0         | 0    | 25    |        |      |
| ENERGY DELIVERY         | CONSTRUCTION & MAINTENANCE    | EAST OVERHEAD-WARD            | PDL*   | 44                    | 0         | 0    | 44    |        |      |
| ENERGY DELIVERY         | CONSTRUCTION & MAINTENANCE    | UNDERGROUND                   | PDU*   | 26                    | 0         | 0    | 26    |        |      |
| ENERGY DELIVERY         | CONSTRUCTION & MAINTENANCE    | OPERATIONS                    | PDS*   | 13                    | 0         | 0    | 13    | 166    | (7)  |
| ENERGY DELIVERY         | CONSTRUCTION & MAINTENANCE    | PLANNING                      | PDP    | 19                    | 0         | 0    | 19    | 11     | 8    |
| ENERGY DELIVERY         | CONSTRUCTION & MAINTENANCE    | VEGETATION MANAGEMENT         | PDV    | 2                     | 0         | 0    | 2     | 2      |      |
| ENERGY DELIVERY         | ENGINEERING                   | ADMINISTRATION                | PBA    | 7                     | 0         | 0    | 7     | 7      |      |
| ENERGY DELIVERY         | ENGINEERING                   | T&D ENGINEERING               | PBE    | 21                    | 0         | 1    | 22    | 21     | 1    |
| ENERGY DELIVERY         | ENGINEERING                   | PROJECT MANAGEMENT            | PBP    | 6                     | 0         | 0    | 6     | 8      | (2)  |
| ENERGY DELIVERY         | ENGINEERING                   | STRUCTURAL                    | PBT    | 18                    | 0         | 1    | 19    | 18     | 1    |
| ENERGY DELIVERY         | ENGINEERING                   | SUBST.PROTECTION&TELECOM      | PBY    | 21                    | 0         | 2    | 23    | 21     | 2    |
| ENERGY DELIVERY         | ENGINEERING                   | T&D TECHNICAL SERVICES        | PBZ    | 9                     | 0         | 0    | 9     | 12     | (3)  |
| ENERGY DELIVERY         | SUPPORT SERVICES              | ADMINISTRATION                | PVA    | 5                     | 0         | 0    | 5     | 5      |      |
| ENERGY DELIVERY         | SUPPORT SERVICES              | FLEET                         | PVF    | 22                    | 0         | 0    | 22    | 25     | (3)  |
| ENERGY DELIVERY         | SUPPORT SERVICES              | ELECTRICAL & WELDING SERVICES | PVL    | 13                    | 0         | 0    | 13    | 13     |      |
| ENERGY DELIVERY         | SUPPORT SERVICES              | MATERIALS MANAGEMENT          | PVM    | 28                    | 0         | 0    | 28    | 28     |      |
| ENERGY DELIVERY         | SUPPORT SERVICES              | PURCHASING                    | PVP    | 11                    | 0         | 0    | 11    | 10     | 1    |
| ENERGY DELIVERY         | SYSTEM OPERATION              | ADMINISTRATION                | PRA    | 6                     | 0         | 0    | 6     | 6      |      |
| ENERGY DELIVERY         | SYSTEM OPERATION              | COMMUNICATIONS                | PRC    | 8                     | 0         | 0    | 8     | 8      |      |
| ENERGY DELIVERY         | SYSTEM OPERATION              | OPERATING DISPATCH            | PRD    | 26                    | 0         | 0    | 26    | 23     | 3    |
| ENERGY DELIVERY         | SYSTEM OPERATION              | OPERATING ENGINEERING         | PRE    | 11                    | 0         | 1    | 12    | 13     | (1)  |
| ENERGY DELIVERY         | SYSTEM OPERATION              | INSTRUMENT & CONTROL          | PRI    | 9                     | 0         | 0    | 9     | 9      |      |
| ENERGY DELIVERY         | SYSTEM OPERATION              | RELAY                         | PRR    | 10                    | 0         | 0    | 10    | 10     |      |
| ENERGY DELIVERY         | SYSTEM OPERATION              | SUBSTATION                    | PRS    | 38                    | 0         | 0    | 38    | 37     | 1    |
| ENERGY DELIVERY         | SYSTEM OPERATION              | CONSTRUCTION MANAGEMENT       | PRX    | 3                     | 0         | 0    | 3     | 3      |      |
| ENERGY DELIVERY         | VP ENERGY DELIVERY            | VP ENERGY DELIVERY            | P2V    | 2                     | 0         | 0    | 2     | 3      | (1)  |
| ENERGY DELIVERY         |                               | SUBTOTAL                      |        | 493                   | 0         | 5    | 498   | 501    | (3)  |
| FINANCE                 | FINANCIAL VICE PRESIDENT      | FINANCIAL VICE PRESIDENT      | P4V    | 3                     | 0         | 0    | 3     | 3      |      |
| FINANCE                 | GENERAL ACCOUNTING            | ADMINISTRATION                | PAA    | 6                     | 0         | 0    | 6     | 5      | 1    |
| FINANCE                 | GENERAL ACCOUNTING            | CORPORATE ACCOUNTING          | PAC    | 5                     | 0         | 0    | 5     | 5      |      |
| FINANCE                 | GENERAL ACCOUNTING            | COST ACCOUNTING               | PAD    | 10                    | 0         | 0    | 10    | 10     |      |
| FINANCE                 | GENERAL ACCOUNTING            | PROPERTY ACCOUNTING           | PAT    | 5                     | 0         | 0    | 5     | 6      | (1)  |
| FINANCE                 | INFO TECHNOLOGY & SVCS        | ADMINISTRATION                | PEA    | 2                     | 0         | 0    | 2     | 2      |      |
| FINANCE                 | INFO TECHNOLOGY & SVCS        | CUSTOMER CARE                 | PEC    | 25                    | 0         | 1    | 26    | 20     | 6    |
| FINANCE                 | INFO TECHNOLOGY & SVCS        | DEVELOPMENT SERVICES          | PED    | 36                    | 0         | 0    | 36    | 35     | 1    |
| FINANCE                 | INFO TECHNOLOGY & SVCS        | INFRASTRUCTURE & OPERATIONS   | PEI    | 23                    | 0         | 0    | 23    | 28     | (5)  |
| FINANCE                 | INFO TECHNOLOGY & SVCS        | MAILING SERVICES              | PEM    | 9                     | 0         | 0    | 9     | 9      |      |
| FINANCE                 | MANAGEMENT ACCTG & FIN SVCS   | ADMINISTRATION                | PKB    | 4                     | 0         | 0    | 4     | 4      |      |
| FINANCE                 | MANAGEMENT ACCTG & FIN SVCS   | BUDGETS                       | PKC    | 6                     | 0         | 0    | 6     | 7      | (1)  |
| FINANCE                 | MANAGEMENT ACCTG & FIN SVCS   | FINANCIAL ANALYSIS            | PKF    | 3                     | 0         | 0    | 3     | 3      |      |
| FINANCE                 | MANAGEMENT ACCTG & FIN SVCS   | ERP ADMINISTRATION            | PKM    | 3                     | 0         | 0    | 3     | 3      |      |
| FINANCE                 | MANAGEMENT ACCTG & FIN SVCS   | TREASURY                      | PKT    | 5                     | 0         | 0    | 5     | 5      |      |
| FINANCE                 | RISK MANAGEMENT               | RISK MANAGEMENT               | PKI    | 9                     | 0         | 0    | 9     | 9      |      |
| FINANCE                 |                               | SUBTOTAL                      |        | 154                   | 0         | 1    | 155   | 154    | 1    |
| GENERAL COUNSEL         | LEGAL                         | LEGAL                         | PNC    | 11                    | 0         | 0    | 11    | 11     |      |
| GENERAL COUNSEL         | LEGAL                         | LAND & RIGHTS OF WAY          | PNL    | 5                     | 0         | 0    | 5     | 5      |      |



|                          | DEPARTMENT                   | DIVISION                     | RA  | ACTUAL EMPLOYEE COUNT |           |      |       | BUDGET | DIFF |
|--------------------------|------------------------------|------------------------------|-----|-----------------------|-----------|------|-------|--------|------|
|                          |                              |                              |     | FULL TIME             | PART TIME | TEMP | TOTAL |        |      |
| PRESIDENT'S OFFICE       |                              |                              |     |                       |           |      |       |        |      |
| GENERAL COUNSEL          | VP GENERAL COUNSEL           | VP-GENERAL COUNSEL           | P5V | 2                     | 0         | 0    | 2     | 2      |      |
| GENERAL COUNSEL          |                              | SUBTOTAL                     |     | 18                    | 0         | 0    | 18    | 18     | 0    |
| GOVT & COMMUNITY AFFAIRS | EDUCATION & CONSUMER AFFAIRS | EDUCATION & CONSUMER AFFAIRS | PQE | 8                     | 0         | 0    | 8     | 7      | 1    |
| GOVT & COMMUNITY AFFAIRS | REGULATORY AFFAIRS           | REGULATORY AFFAIRS           | PNP | 7                     | 0         | 0    | 7     | 7      |      |
| GOVT & COMMUNITY AFFAIRS | VP GOVT & COMMUNITY AFFAIRS  | VP GOVT & COMMUNITY AFFAIRS  | P3V | 7                     | 0         | 0    | 7     | 5      | 2    |
| GOVT & COMMUNITY AFFAIRS |                              | SUBTOTAL                     |     | 22                    | 0         | 0    | 22    | 19     | 3    |
| POWER SUPPLY             | ENVIRONMENTAL                | ADMINISTRATION               | PJA | 4                     | 0         | 0    | 4     | 4      |      |
| POWER SUPPLY             | ENVIRONMENTAL                | AIR QUALITY & NOISE          | PJB | 5                     | 0         | 0    | 5     | 6      | (1)  |
| POWER SUPPLY             | ENVIRONMENTAL                | CHEMISTRY                    | PJC | 6                     | 0         | 1    | 7     | 7      |      |
| POWER SUPPLY             | ENVIRONMENTAL                | WATER & HAZARDOUS MATERIAL   | PJW | 7                     | 0         | 0    | 7     | 7      |      |
| POWER SUPPLY             | POWER SUPPLY ENGINEERING     | ADMINISTRATION               | PYA | 3                     | 0         | 0    | 3     | 3      |      |
| POWER SUPPLY             | POWER SUPPLY ENGINEERING     | SUPPORT STAFF                | PYC | 2                     | 0         | 0    | 2     | 2      |      |
| POWER SUPPLY             | POWER SUPPLY ENGINEERING     | PS TECHNICAL SERVICES        | PYE | 8                     | 0         | 0    | 8     | 9      | (1)  |
| POWER SUPPLY             | POWER SUPPLY ENGINEERING     | POWER PLANT ELECT ENGRG      | PYF | 10                    | 0         | 0    | 10    | 8      | 2    |
| POWER SUPPLY             | POWER SUPPLY ENGINEERING     | POWER PLANT DRAFTING         | PYG | 2                     | 0         | 0    | 2     | 2      |      |
| POWER SUPPLY             | POWER SUPPLY ENGINEERING     | POWER PLANT PROJECT MGT      | PYJ | 5                     | 0         | 0    | 5     | 4      | 1    |
| POWER SUPPLY             | POWER SUPPLY ENGINEERING     | POWER PLANT MECH ENGRG       | PYM | 12                    | 0         | 0    | 12    | 9      | 3    |
| POWER SUPPLY             | POWER SUPPLY OPER & MAINT    | O&M ADMINISTRATION           | PIB | 7                     | 0         | 0    | 7     | 10     | (3)  |
| POWER SUPPLY             | POWER SUPPLY OPER & MAINT    | HONOLULU STATION OPERATIONS  | PIH | 24                    | 0         | 0    | 24    | 26     | (2)  |
| POWER SUPPLY             | POWER SUPPLY OPER & MAINT    | KAHE STATION OPERATIONS      | PIK | 60                    | 0         | 0    | 60    | 58     | 2    |
| POWER SUPPLY             | POWER SUPPLY OPER & MAINT    | KAHE STATION MAINTENANCE     | PII | 29                    | 0         | 0    | 29    | 38     | (9)  |
| POWER SUPPLY             | POWER SUPPLY OPER & MAINT    | MAINTENANCE ADMINISTRATION   | PIM | 2                     | 0         | 0    | 2     | 2      |      |
| POWER SUPPLY             | POWER SUPPLY OPER & MAINT    | HONOLULU STATION MAINTENANCE | PIN | 9                     | 0         | 0    | 9     | 9      |      |
| POWER SUPPLY             | POWER SUPPLY OPER & MAINT    | OPERATIONS ADMINISTRATION    | PIO | 3                     | 0         | 0    | 3     | 1      | 2    |
| POWER SUPPLY             | POWER SUPPLY OPER & MAINT    | PLANNING AND ENGINEERING     | PIP | 17                    | 0         | 0    | 17    | 21     | (4)  |
| POWER SUPPLY             | POWER SUPPLY OPER & MAINT    | TRAVELING MAINTENANCE        | PIT | 65                    | 0         | 0    | 65    | 74     | (9)  |
| POWER SUPPLY             | POWER SUPPLY OPER & MAINT    | WAI'AU STATION OPERATIONS    | PIW | 64                    | 0         | 0    | 64    | 62     | 2    |
| POWER SUPPLY             | POWER SUPPLY OPER & MAINT    | WAI'AU STATION MAINTENANCE   | PIX | 26                    | 0         | 0    | 26    | 37     | (11) |
| POWER SUPPLY             | POWER SUPPLY SERVICES        | SERVICES ADMINISTRATION      | PIA | 5                     | 0         | 0    | 5     | 5      |      |
| POWER SUPPLY             | POWER SUPPLY SERVICES        | POWER PURCHASE               | PIC | 6                     | 0         | 0    | 6     | 6      |      |
| POWER SUPPLY             | POWER SUPPLY SERVICES        | FUEL RESOURCES               | PIF | 4                     | 0         | 0    | 4     | 5      | (1)  |
| POWER SUPPLY             | POWER SUPPLY SERVICES        | GENERATION PLANNING          | PYB | 9                     | 0         | 0    | 9     | 10     | (1)  |
| POWER SUPPLY             | POWER SUPPLY SERVICES        | TRANSMISSION PLANNING        | PYT | 7                     | 0         | 0    | 7     | 8      | (1)  |
| POWER SUPPLY             | VP POWER SUPPLY              | VP POWER SUPPLY              | P7V | 2                     | 0         | 0    | 2     | 2      |      |
| POWER SUPPLY             |                              | SUBTOTAL                     |     | 403                   | 0         | 1    | 404   | 435    | (31) |
| PRESIDENT - HECO         | CORPORATE AUDIT & COMPLIANCE | INTERNAL AUDIT               | PNA | 8                     | 0         | 0    | 8     | 6      | 2    |
| PRESIDENT - HECO         | CORPORATE AUDIT & COMPLIANCE | ADMINISTRATION               | PNX | 2                     | 0         | 0    | 2     |        | 2    |
| PRESIDENT - HECO         | PRESIDENTS OFFICE            | PRESIDENTS OFFICE            | P9P | 5                     | 0         | 0    | 5     | 3      | 2    |
| PRESIDENT - HECO         |                              | SUBTOTAL                     |     | 15                    | 0         | 0    | 15    | 9      | 6    |
| SPECIAL PROJECTS         | VP SPECIAL PROJECTS          | VP SPECIAL PROJECTS          | P2W | 3                     | 0         | 0    | 3     |        | 3    |
| SPECIAL PROJECTS         |                              | SUBTOTAL                     |     | 3                     | 0         | 0    | 3     | 0      | 3    |
| SR VP ENERGY SOLUTIONS   | CUSTOMER INSTALLATION        | ADMINISTRATION               | PWA | 11                    | 0         | 0    | 11    | 10     | 1    |
| SR VP ENERGY SOLUTIONS   | CUSTOMER INSTALLATION        | PLANNING & DESIGN            | PWP | 23                    | 0         | 0    | 23    | 27     | (4)  |
| SR VP ENERGY SOLUTIONS   | CUSTOMER INSTALLATION        | ENGINEERING & METER          | PWX | 12                    | 0         | 0    | 12    | 11     | 1    |
| SR VP ENERGY SOLUTIONS   | ENERGY PROJECTS              | ENERGY PROJECTS              | PNG | 9                     | 0         | 0    | 9     | 8      | 1    |
| SR VP ENERGY SOLUTIONS   | SR VP ENERGY SOLUTIONS       | SR VP ENERGY SOLUTIONS       | P9S | 4                     | 0         | 0    | 4     | 4      |      |
| SR VP ENERGY SOLUTIONS   | TECHNOLOGY                   | TECHNOLOGY                   | PNR | 2                     | 0         | 1    | 3     | 2      | 1    |
| SR VP ENERGY SOLUTIONS   |                              | SUBTOTAL                     |     | 61                    | 0         | 1    | 62    | 62     | 0    |
| SR VP OPERATIONS         | CUSTOMER SERVICE             | ADMINISTRATION               | PCA | 4                     | 0         | 0    | 4     | 5      | (1)  |
| SR VP OPERATIONS         | CUSTOMER SERVICE             | CUST ACCOUNTING & BILLING    | PCB | 6                     | 0         | 0    | 6     | 8      | (2)  |
| SR VP OPERATIONS         | CUSTOMER SERVICE             | CREDIT                       | PCD | 5                     | 0         | 0    | 5     | 3      | 2    |
| SR VP OPERATIONS         | CUSTOMER SERVICE             | CUSTOMER FIELD SERVICES      | PCF | 5                     | 0         | 0    | 5     | 4      | 1    |
| SR VP OPERATIONS         | CUSTOMER SERVICE             | FIELD SERVICE & COLLECTIONS  | PCG | 27                    | 0         | 0    | 27    | 25     | 2    |
| SR VP OPERATIONS         | CUSTOMER SERVICE             | CUSTOMER ASSISTANCE CENTER   | PCH | 30                    | 0         | 0    | 30    | 31     | (1)  |
| SR VP OPERATIONS         | CUSTOMER SERVICE             | METER READING                | PCM | 32                    | 0         | 0    | 32    | 35     | (3)  |
| SR VP OPERATIONS         | CUSTOMER SERVICE             | PAYMT PROCESS & SUPPORT CTR  | PCP | 16                    | 0         | 0    | 16    | 20     | (4)  |
| SR VP OPERATIONS         | CUSTOMER SERVICE             | CUSTOMER ACCOUNT SERVICES    | PCS | 4                     | 0         | 0    | 4     | 3      | 1    |
| SR VP OPERATIONS         | SR VP OPERATIONS             | SR VP OPERATIONS             | P8V | 2                     | 0         | 0    | 2     | 2      |      |
| SR VP OPERATIONS         |                              | SUBTOTAL                     |     | 131                   | 0         | 0    | 131   | 136    | (5)  |
| SR VP PUBLIC AFFAIRS     | GOVERNMENTAL RELATIONS       | GOVERNMENTAL RELATIONS       | PNI | 2                     | 0         | 0    | 2     | 2      |      |
| SR VP PUBLIC AFFAIRS     | SR VP PUBLIC AFFAIRS         | SR VP PUBLIC AFFAIRS         | P9V | 2                     | 0         | 0    | 2     | 2      |      |
| SR VP PUBLIC AFFAIRS     |                              | SUBTOTAL                     |     | 4                     | 0         | 0    | 4     | 4      | 0    |
|                          |                              | COMPANY TOTAL                |     | 1455                  | 1         | 8    | 1464  | 1489   | (25) |

\*Forecast Budget count for RA PDS includes RA's PDJ, PDK, PDL & PDU.

\*\*Employee Counts have been adjusted to exclude employees covered under the DSM surcharge adjustment docket.

†Updated to reflect D&O 23258: Two DSM employees previously removed from employee counts are added back



| VICE PRESIDENT'S OFFICE | DEPARTMENT NAME               | DIVISION NAME                 | RA     | ACTUAL EMPLOYEE COUNT |           |      |       | BUDGET | DIFF |
|-------------------------|-------------------------------|-------------------------------|--------|-----------------------|-----------|------|-------|--------|------|
|                         |                               |                               |        | FULL TIME             | PART TIME | TEMP | TOTAL |        |      |
| CORPORATE EXCELLENCE    | COMPENSATION AND BENEFITS     | EMPL BENEFITS & HLTH SVCS     | PFB    | 8                     | 0         | 0    | 8     | 9      | (1)  |
| CORPORATE EXCELLENCE    | COMPENSATION AND BENEFITS     | COMPENSATION                  | PFC    | 2                     | 0         | 0    | 2     | 2      |      |
| CORPORATE EXCELLENCE    | COMPENSATION AND BENEFITS     | DISABILITY MANAGEMENT         | PPW    | 3                     | 0         | 0    | 3     | 3      |      |
| CORPORATE EXCELLENCE    | INDUSTRIAL RELATIONS          | ADMINISTRATION                | PPA    | 3                     | 0         | 0    | 3     | 3      |      |
| CORPORATE EXCELLENCE    | INDUSTRIAL RELATIONS          | LABOR REL & WAGE ADMIN        | PPI    | 6                     | 0         | 0    | 6     | 6      |      |
| CORPORATE EXCELLENCE    | SAFETY, SECURITY & FACILITIES | CORPORATE SAFETY              | PFS    | 10                    | 0         | 0    | 10    | 11     | (1)  |
| CORPORATE EXCELLENCE    | SAFETY, SECURITY & FACILITIES | ADMINISTRATION                | PHA    | 2                     | 0         | 0    | 2     | 2      |      |
| CORPORATE EXCELLENCE    | SAFETY, SECURITY & FACILITIES | FACILITIES OPERATIONS         | PHB    | 15                    | 0         | 0    | 15    | 15     |      |
| CORPORATE EXCELLENCE    | SAFETY, SECURITY & FACILITIES | FACILITIES PLANNING           | PHF    | 6                     | 0         | 0    | 6     | 5      | 1    |
| CORPORATE EXCELLENCE    | SAFETY, SECURITY & FACILITIES | SECURITY                      | PHS    | 11                    | 0         | 0    | 11    | 10     | 1    |
| CORPORATE EXCELLENCE    | VP CORPORATE EXCELLENCE       | VP CORPORATE EXCELLENCE       | P6V    | 1                     | 0         | 0    | 1     | 2      | (1)  |
| CORPORATE EXCELLENCE    | WORKFORCE STAFFING & DEVELOP  | ADMINISTRATION                | PFA    | 3                     | 0         | 0    | 3     | 5      | (2)  |
| CORPORATE EXCELLENCE    | WORKFORCE STAFFING & DEVELOP  | CLIENT SERVICES & CONSULTING  | PFD    | 9                     | 0         | 1    | 10    | 5      | 5    |
| CORPORATE EXCELLENCE    | WORKFORCE STAFFING & DEVELOP  | ORGANIZ DEV & CONTIN IMPRVMT  | PFI    | 3                     | 0         | 0    | 3     | 6      | (3)  |
| CORPORATE EXCELLENCE    |                               | SUBTOTAL                      |        | 82                    | 0         | 1    | 83    | 84     | (1)  |
| CORPORATE RELATIONS     | CORPORATE COMMUNICATIONS      | CORPORATE COMMUNICATIONS      | PQC    | 9                     | 1         | 0    | 10    | 11     | (1)  |
| CORPORATE RELATIONS     | VP CORPORATE RELATIONS        | VP CORPORATE RELATIONS        | P1V    | 2                     | 0         | 0    | 2     | 2      |      |
| CORPORATE RELATIONS     |                               | SUBTOTAL                      |        | 11                    | 1         | 0    | 12    | 13     | (1)  |
| CUSTOMER SOLUTIONS      | CUSTOMER TECH APPLICATIONS    | CUSTOMER TECH APPLICATIONS    | PSR    | 8                     | 0         | 0    | 8     | 10     | (2)  |
| CUSTOMER SOLUTIONS      | ENERGY SERVICES               | ADMINISTRATION                | PSA    | 3                     | 0         | 0    | 3     | 2      | 1    |
| CUSTOMER SOLUTIONS      | ENERGY SERVICES               | CUSTOMER EFFICIENCY PROGRAM   | PSD**1 | 10                    | 0         | 0    | 10    | 10     |      |
| CUSTOMER SOLUTIONS      | ENERGY SERVICES               | PRICING                       | PSP    | 4                     | 0         | 0    | 4     | 5      | (1)  |
| CUSTOMER SOLUTIONS      | FORECASTS & RESEARCH          | FORECASTS & RESEARCH          | PSM**  | 10                    | 0         | 0    | 10    | 11     | (1)  |
| CUSTOMER SOLUTIONS      | INTEGRATED RESOURCE PLNG      | INTEGRATED RESOURCE PLANNING  | PYP    | 5                     | 0         | 0    | 5     | 4      | 1    |
| CUSTOMER SOLUTIONS      | MARKETING SERVICES            | MARKETING SERVICES            | PSN    | 12                    | 0         | 0    | 12    | 12     |      |
| CUSTOMER SOLUTIONS      | VP CUSTOMER SOLUTIONS         | CUSTOMER SOLUTIONS            | P1W    | 2                     | 0         | 0    | 2     | 0      | 2    |
| CUSTOMER SOLUTIONS      |                               | SUBTOTAL                      |        | 54                    | 0         | 0    | 54    | 54     | 0    |
| ENERGY DELIVERY         | CONSTRUCTION & MAINTENANCE    | ADMINISTRATION                | PDA    | 5                     | 0         | 0    | 5     | 5      |      |
| ENERGY DELIVERY         | CONSTRUCTION & MAINTENANCE    | CONTROL SECTION               | PDC    | 6                     | 0         | 0    | 6     | 9      | (3)  |
| ENERGY DELIVERY         | CONSTRUCTION & MAINTENANCE    | TRAINING SECTION              | PDD    | 5                     | 0         | 0    | 5     | 1      | 4    |
| ENERGY DELIVERY         | CONSTRUCTION & MAINTENANCE    | FIELD OPERATION               | PDF    | 23                    | 0         | 0    | 23    | 25     | (2)  |
| ENERGY DELIVERY         | CONSTRUCTION & MAINTENANCE    | WEST OVERHEAD                 | PDJ*   | 49                    | 0         | 0    | 49    |        |      |
| ENERGY DELIVERY         | CONSTRUCTION & MAINTENANCE    | EAST OVERHEAD-KOOLAU          | POK*   | 25                    | 0         | 0    | 25    |        |      |
| ENERGY DELIVERY         | CONSTRUCTION & MAINTENANCE    | EAST OVERHEAD-WARD            | PDL*   | 42                    | 0         | 0    | 42    |        |      |
| ENERGY DELIVERY         | CONSTRUCTION & MAINTENANCE    | PLANNING                      | PDP    | 20                    | 0         | 0    | 20    | 11     | 9    |
| ENERGY DELIVERY         | CONSTRUCTION & MAINTENANCE    | OPERATIONS                    | POS*   | 13                    | 0         | 0    | 13    | 168    | (14) |
| ENERGY DELIVERY         | CONSTRUCTION & MAINTENANCE    | UNDERGROUND                   | PDU*   | 25                    | 0         | 0    | 25    |        |      |
| ENERGY DELIVERY         | CONSTRUCTION & MAINTENANCE    | VEGETATION MANAGEMENT         | PDV    | 2                     | 0         | 0    | 2     | 2      |      |
| ENERGY DELIVERY         | ENGINEERING                   | ADMINISTRATION                | PBA    | 7                     | 0         | 0    | 7     | 7      |      |
| ENERGY DELIVERY         | ENGINEERING                   | T&D ENGINEERING               | PBE    | 21                    | 0         | 2    | 23    | 21     | 2    |
| ENERGY DELIVERY         | ENGINEERING                   | PROJECT MANAGEMENT            | PBP    | 7                     | 0         | 0    | 7     | 8      | (1)  |
| ENERGY DELIVERY         | ENGINEERING                   | STRUCTURAL                    | PBT    | 18                    | 0         | 1    | 19    | 18     | 1    |
| ENERGY DELIVERY         | ENGINEERING                   | SUBST, PROTECTION & TELECOM   | PBY    | 20                    | 0         | 2    | 22    | 21     | 1    |
| ENERGY DELIVERY         | ENGINEERING                   | T&D TECHNICAL SERVICES        | PBZ    | 8                     | 0         | 0    | 8     | 12     | (4)  |
| ENERGY DELIVERY         | SUPPORT SERVICES              | ADMINISTRATION                | PVA    | 5                     | 0         | 0    | 5     | 5      |      |
| ENERGY DELIVERY         | SUPPORT SERVICES              | FLEET                         | PVF    | 23                    | 0         | 0    | 23    | 25     | (2)  |
| ENERGY DELIVERY         | SUPPORT SERVICES              | ELECTRICAL & WELDING SERVICES | PVL    | 13                    | 0         | 0    | 13    | 13     |      |
| ENERGY DELIVERY         | SUPPORT SERVICES              | MATERIALS MANAGEMENT          | PVM    | 28                    | 0         | 0    | 28    | 28     |      |
| ENERGY DELIVERY         | SUPPORT SERVICES              | PURCHASING                    | PVP    | 11                    | 0         | 0    | 11    | 10     | 1    |
| ENERGY DELIVERY         | SYSTEM OPERATION              | ADMINISTRATION                | PRA    | 6                     | 0         | 0    | 6     | 6      |      |
| ENERGY DELIVERY         | SYSTEM OPERATION              | COMMUNICATIONS                | PRC    | 8                     | 0         | 0    | 8     | 8      |      |
| ENERGY DELIVERY         | SYSTEM OPERATION              | OPERATING DISPATCH            | PRD    | 26                    | 0         | 0    | 26    | 23     | 3    |
| ENERGY DELIVERY         | SYSTEM OPERATION              | OPERATING ENGINEERING         | PRE    | 12                    | 0         | 1    | 13    | 13     |      |
| ENERGY DELIVERY         | SYSTEM OPERATION              | INSTRUMENT & CONTROL          | PRI    | 9                     | 0         | 0    | 9     | 9      |      |
| ENERGY DELIVERY         | SYSTEM OPERATION              | RELAY                         | PRR    | 10                    | 0         | 0    | 10    | 10     |      |
| ENERGY DELIVERY         | SYSTEM OPERATION              | SUBSTATION                    | PRS    | 37                    | 0         | 0    | 37    | 37     |      |
| ENERGY DELIVERY         | SYSTEM OPERATION              | CONSTRUCTION MANAGEMENT       | PRX    | 3                     | 0         | 0    | 3     | 3      |      |
| ENERGY DELIVERY         | VP ENERGY DELIVERY            | VP ENERGY DELIVERY            | P2V    | 2                     | 0         | 0    | 2     | 3      | (1)  |
| ENERGY DELIVERY         |                               | SUBTOTAL                      |        | 489                   | 0         | 6    | 495   | 501    | (6)  |
| FINANCE                 | FINANCIAL VICE PRESIDENT      | FINANCIAL VICE PRESIDENT      | P4V    | 3                     | 0         | 0    | 3     | 3      |      |
| FINANCE                 | GENERAL ACCOUNTING            | ADMINISTRATION                | PAA    | 6                     | 0         | 0    | 6     | 5      | 1    |
| FINANCE                 | GENERAL ACCOUNTING            | CORPORATE ACCOUNTING          | PAC    | 5                     | 0         | 0    | 5     | 5      |      |
| FINANCE                 | GENERAL ACCOUNTING            | COST ACCOUNTING               | PAD    | 10                    | 0         | 0    | 10    | 10     |      |
| FINANCE                 | GENERAL ACCOUNTING            | PROPERTY ACCOUNTING           | PAT    | 5                     | 0         | 0    | 5     | 6      | (1)  |
| FINANCE                 | INFO TECHNOLOGY & SVCS        | ADMINISTRATION                | PEA    | 2                     | 0         | 0    | 2     | 2      |      |
| FINANCE                 | INFO TECHNOLOGY & SVCS        | CUSTOMER CARE                 | PEC    | 23                    | 0         | 0    | 23    | 20     | 3    |
| FINANCE                 | INFO TECHNOLOGY & SVCS        | DEVELOPMENT SERVICES          | PED    | 36                    | 0         | 0    | 36    | 35     | 1    |
| FINANCE                 | INFO TECHNOLOGY & SVCS        | INFRASTRUCTURE & OPERATIONS   | PEI    | 24                    | 0         | 0    | 24    | 28     | (4)  |
| FINANCE                 | INFO TECHNOLOGY & SVCS        | MAILING SERVICES              | PEM    | 10                    | 0         | 0    | 10    | 9      | 1    |
| FINANCE                 | MANAGEMENT ACCTG & FIN SVCS   | ADMINISTRATION                | PKB    | 3                     | 0         | 0    | 3     | 4      | (1)  |
| FINANCE                 | MANAGEMENT ACCTG & FIN SVCS   | BUDGETS                       | PKC    | 6                     | 0         | 0    | 6     | 7      | (1)  |
| FINANCE                 | MANAGEMENT ACCTG & FIN SVCS   | FINANCIAL ANALYSIS            | PKF    | 3                     | 0         | 0    | 3     | 3      |      |
| FINANCE                 | MANAGEMENT ACCTG & FIN SVCS   | ERP ADMINISTRATION            | PKM    | 3                     | 0         | 0    | 3     | 3      |      |
| FINANCE                 | MANAGEMENT ACCTG & FIN SVCS   | TREASURY                      | PKT    | 5                     | 0         | 0    | 5     | 5      |      |
| FINANCE                 | RISK MANAGEMENT               | RISK MANAGEMENT               | PKI    | 9                     | 0         | 0    | 9     | 9      |      |
| FINANCE                 |                               | SUBTOTAL                      |        | 153                   | 0         | 0    | 153   | 154    | (1)  |
| GENERAL COUNSEL         | LEGAL                         | LEGAL                         | PNC    | 11                    | 0         | 0    | 11    | 11     |      |
| GENERAL COUNSEL         | LEGAL                         | LAND & RIGHTS OF WAY          | PNL    | 5                     | 0         | 0    | 5     | 5      |      |
| GENERAL COUNSEL         | VP GENERAL COUNSEL            | VP GENERAL COUNSEL            | P5V    | 2                     | 0         | 0    | 2     | 2      |      |



| VICE PRESIDENT'S OFFICE  | DEPARTMENT NAME              | DIVISION NAME                | RA  | ACTUAL EMPLOYEE COUNT |           |      |       | BUDGET | DIFF |
|--------------------------|------------------------------|------------------------------|-----|-----------------------|-----------|------|-------|--------|------|
|                          |                              |                              |     | FULL TIME             | PART TIME | TEMP | TOTAL |        |      |
| GENERAL COUNSEL          |                              | SUBTOTAL                     |     | 18                    | 0         | 0    | 18    | 18     | 0    |
| GOVT & COMMUNITY AFFAIRS | EDUCATION & CONSUMER AFFAIRS | EDUCATION & CONSUMER AFFAIRS | PQE | 8                     | 0         | 0    | 8     | 7      | 1    |
| GOVT & COMMUNITY AFFAIRS | REGULATORY AFFAIRS           | REGULATORY AFFAIRS           | PNP | 7                     | 0         | 0    | 7     | 7      |      |
| GOVT & COMMUNITY AFFAIRS | VP GOVT & COMMUNITY AFFAIRS  | VP GOVT & COMMUNITY AFFAIRS  | P3V | 7                     | 0         | 0    | 7     | 5      | 2    |
| GOVT & COMMUNITY AFFAIRS |                              | SUBTOTAL                     |     | 22                    | 0         | 0    | 22    | 19     | 3    |
| POWER SUPPLY             | ENVIRONMENTAL                | ADMINISTRATION               | PJA | 4                     | 0         | 0    | 4     | 4      |      |
| POWER SUPPLY             | ENVIRONMENTAL                | AIR QUALITY & NOISE          | PJB | 5                     | 0         | 0    | 5     | 6      | (1)  |
| POWER SUPPLY             | ENVIRONMENTAL                | CHEMISTRY                    | PJC | 6                     | 0         | 0    | 6     | 7      | (1)  |
| POWER SUPPLY             | ENVIRONMENTAL                | WATER & HAZARDOUS MATERIAL   | PJW | 7                     | 0         | 0    | 7     | 7      |      |
| POWER SUPPLY             | POWER SUPPLY ENGINEERING     | ADMINISTRATION               | PYA | 3                     | 0         | 0    | 3     | 3      |      |
| POWER SUPPLY             | POWER SUPPLY ENGINEERING     | SUPPORT STAFF                | PYC | 2                     | 0         | 0    | 2     | 2      |      |
| POWER SUPPLY             | POWER SUPPLY ENGINEERING     | PS TECHNICAL SERVICES        | PYE | 8                     | 0         | 0    | 8     | 9      | (1)  |
| POWER SUPPLY             | POWER SUPPLY ENGINEERING     | POWER PLANT ELECT ENGRG      | PYF | 10                    | 0         | 0    | 10    | 8      | 2    |
| POWER SUPPLY             | POWER SUPPLY ENGINEERING     | POWER PLANT DRAFTING         | PYG | 2                     | 0         | 0    | 2     | 2      |      |
| POWER SUPPLY             | POWER SUPPLY ENGINEERING     | POWER PLANT PROJECT MGT      | PYJ | 5                     | 0         | 0    | 5     | 4      | 1    |
| POWER SUPPLY             | POWER SUPPLY ENGINEERING     | POWR PLANT MECH ENGRG        | PYM | 11                    | 0         | 0    | 11    | 9      | 2    |
| POWER SUPPLY             | POWER SUPPLY OPER & MAINT    | O&M ADMINISTRATION           | PIB | 7                     | 0         | 0    | 7     | 10     | (3)  |
| POWER SUPPLY             | POWER SUPPLY OPER & MAINT    | HONOLULU STATION OPERATIONS  | PIH | 26                    | 0         | 0    | 26    | 26     |      |
| POWER SUPPLY             | POWER SUPPLY OPER & MAINT    | KAHE STATION OPERATIONS      | PIK | 58                    | 0         | 0    | 58    | 58     |      |
| POWER SUPPLY             | POWER SUPPLY OPER & MAINT    | KAHE STATION MAINTENANCE     | PIL | 28                    | 0         | 0    | 28    | 38     | (10) |
| POWER SUPPLY             | POWER SUPPLY OPER & MAINT    | MAINTENANCE ADMINISTRATION   | PIM | 2                     | 0         | 0    | 2     | 2      |      |
| POWER SUPPLY             | POWER SUPPLY OPER & MAINT    | HONOLULU STATION MAINTENANCE | PIN | 8                     | 0         | 0    | 8     | 9      | (1)  |
| POWER SUPPLY             | POWER SUPPLY OPER & MAINT    | OPERATIONS ADMINISTRATION    | PIO | 2                     | 0         | 0    | 2     | 1      | 1    |
| POWER SUPPLY             | POWER SUPPLY OPER & MAINT    | PLANNING AND ENGINEERING     | PIP | 18                    | 0         | 1    | 19    | 21     | (2)  |
| POWER SUPPLY             | POWER SUPPLY OPER & MAINT    | TRAVELING MAINTENANCE        | PIT | 67                    | 0         | 0    | 67    | 74     | (7)  |
| POWER SUPPLY             | POWER SUPPLY OPER & MAINT    | WAI'AU STATION OPERATIONS    | PIW | 58                    | 0         | 0    | 58    | 62     | (4)  |
| POWER SUPPLY             | POWER SUPPLY OPER & MAINT    | WAI'AU STATION MAINTENANCE   | PIX | 24                    | 0         | 0    | 24    | 37     | (13) |
| POWER SUPPLY             | POWER SUPPLY SERVICES        | SERVICES ADMINISTRATION      | PIA | 4                     | 0         | 0    | 4     | 5      | (1)  |
| POWER SUPPLY             | POWER SUPPLY SERVICES        | POWER PURCHASE               | PIC | 6                     | 0         | 0    | 6     | 6      |      |
| POWER SUPPLY             | POWER SUPPLY SERVICES        | FUEL RESOURCES               | PIF | 4                     | 0         | 0    | 4     | 5      | (1)  |
| POWER SUPPLY             | POWER SUPPLY SERVICES        | GENERATION PLANNING          | PYB | 9                     | 0         | 0    | 9     | 10     | (1)  |
| POWER SUPPLY             | POWER SUPPLY SERVICES        | TRANSMISSION PLANNING        | PYT | 7                     | 0         | 0    | 7     | 8      | (1)  |
| POWER SUPPLY             | VP POWER SUPPLY              | VP POWER SUPPLY              | P7V | 2                     | 0         | 0    | 2     | 2      |      |
| POWER SUPPLY             |                              | SUBTOTAL                     |     | 393                   | 0         | 1    | 394   | 435    | (41) |
| PRESIDENT - HECO         | CORPORATE AUDIT & COMPLIANCE | INTERNAL AUDIT               | PNA | 8                     | 0         | 0    | 8     | 6      | 2    |
| PRESIDENT - HECO         | CORPORATE AUDIT & COMPLIANCE | ADMINISTRATION               | PNX | 3                     | 0         | 0    | 3     |        | 3    |
| PRESIDENT - HECO         | PRESIDENTS OFFICE            | PRESIDENTS OFFICE            | P9P | 5                     | 0         | 0    | 5     | 3      | 2    |
| PRESIDENT - HECO         |                              | SUBTOTAL                     |     | 16                    | 0         | 0    | 16    | 9      | 7    |
| SPECIAL PROJECTS         | VP SPECIAL PROJECTS          | VP SPECIAL PROJECTS          | P2W | 3                     | 0         | 0    | 3     |        | 3    |
| SPECIAL PROJECTS         |                              | SUBTOTAL                     |     | 3                     | 0         | 0    | 3     | 0      | 3    |
| SR VP ENERGY SOLUTIONS   | CUSTOMER INSTALLATION        | ADMINISTRATION               | PWA | 12                    | 0         | 0    | 12    | 10     | 2    |
| SR VP ENERGY SOLUTIONS   | CUSTOMER INSTALLATION        | PLANNING & DESIGN            | PWP | 24                    | 0         | 0    | 24    | 26     | (2)  |
| SR VP ENERGY SOLUTIONS   | CUSTOMER INSTALLATION        | ENGINEERING & METER          | PWX | 13                    | 0         | 0    | 13    | 11     | 2    |
| SR VP ENERGY SOLUTIONS   | ENERGY PROJECTS              | ENERGY PROJECTS              | PNG | 9                     | 0         | 0    | 9     | 8      | 1    |
| SR VP ENERGY SOLUTIONS   | SR VP ENERGY SOLUTIONS       | SR VP ENERGY SOLUTIONS       | P9S | 4                     | 0         | 0    | 4     | 4      |      |
| SR VP ENERGY SOLUTIONS   | TECHNOLOGY                   | TECHNOLOGY                   | PNR | 2                     | 0         | 1    | 3     | 2      | 1    |
| SR VP ENERGY SOLUTIONS   |                              | SUBTOTAL                     |     | 64                    | 0         | 1    | 65    | 61     | 4    |
| SR VP OPERATIONS         | CUSTOMER SERVICE             | ADMINISTRATION               | PCA | 4                     | 0         | 0    | 4     | 5      | (1)  |
| SR VP OPERATIONS         | CUSTOMER SERVICE             | CUST ACCOUNTING & BILLING    | PCB | 6                     | 0         | 0    | 6     | 8      | (2)  |
| SR VP OPERATIONS         | CUSTOMER SERVICE             | CREDIT                       | PCD | 5                     | 0         | 0    | 5     | 3      | 2    |
| SR VP OPERATIONS         | CUSTOMER SERVICE             | CUSTOMER FIELD SERVICES      | PCF | 5                     | 0         | 0    | 5     | 4      | 1    |
| SR VP OPERATIONS         | CUSTOMER SERVICE             | FIELD SERVICE & COLLECTIONS  | PCG | 26                    | 0         | 0    | 26    | 25     | 1    |
| SR VP OPERATIONS         | CUSTOMER SERVICE             | CUSTOMER ASSISTANCE CENTER   | PCH | 29                    | 0         | 0    | 29    | 31     | (2)  |
| SR VP OPERATIONS         | CUSTOMER SERVICE             | METER READING                | PCM | 34                    | 0         | 0    | 34    | 35     | (1)  |
| SR VP OPERATIONS         | CUSTOMER SERVICE             | PAYMT PROCESS & SUPPORT CTR  | PCP | 16                    | 0         | 0    | 16    | 20     | (4)  |
| SR VP OPERATIONS         | CUSTOMER SERVICE             | CUSTOMER ACCOUNT SERVICES    | PCS | 5                     | 0         | 0    | 5     | 3      | 2    |
| SR VP OPERATIONS         | SR VP OPERATIONS             | SR VP OPERATIONS             | P8V | 3                     | 0         | 0    | 3     | 2      | 1    |
| SR VP OPERATIONS         |                              | SUBTOTAL                     |     | 133                   | 0         | 0    | 133   | 136    | (3)  |
| SR VP PUBLIC AFFAIRS     | GOVERNMENTAL RELATIONS       | GOVERNMENTAL RELATIONS       | PNI | 3                     | 0         | 0    | 3     | 2      | 1    |
| SR VP PUBLIC AFFAIRS     | SR VP PUBLIC AFFAIRS         | SR VP PUBLIC AFFAIRS         | P9V | 2                     | 0         | 0    | 2     | 2      |      |
| SR VP PUBLIC AFFAIRS     |                              | SUBTOTAL                     |     | 5                     | 0         | 0    | 5     | 4      | 1    |
|                          |                              | COMPANY TOTAL                |     | 1443                  | 1         | 9    | 1453  | 1488   | (35) |

\*Forecast Budget count for RA PDS includes RA's PDJ, PDK, PDL & PDU.

\*\*Employee Counts have been adjusted to exclude employees covered under the DSM surcharge adjustment docket.

†Updated to reflect D&O 23258: Two DSM employees previously removed from employee counts are added back



| VICE PRESIDENT'S OFFICE | DEPARTMENT NAME               | DIVISION NAME                 | RA    | ACTUAL EMPLOYEE COUNT |           |      |       | BUDGET | DIFF |
|-------------------------|-------------------------------|-------------------------------|-------|-----------------------|-----------|------|-------|--------|------|
|                         |                               |                               |       | FULL TIME             | PART TIME | TEMP | TOTAL |        |      |
| CORPORATE EXCELLENCE    | COMPENSATION AND BENEFITS     | EMPL BENEFITS & HLTH SVCS     | PFB   | 8                     | 0         | 0    | 8     | 10     | (2)  |
| CORPORATE EXCELLENCE    | COMPENSATION AND BENEFITS     | COMPENSATION                  | PFC   | 2                     | 0         | 0    | 2     | 2      |      |
| CORPORATE EXCELLENCE    | COMPENSATION AND BENEFITS     | DISABILITY MANAGEMENT         | PPW   | 3                     | 0         | 0    | 3     | 3      |      |
| CORPORATE EXCELLENCE    | INDUSTRIAL RELATIONS          | ADMINISTRATION                | PPA   | 3                     | 0         | 0    | 3     | 3      |      |
| CORPORATE EXCELLENCE    | INDUSTRIAL RELATIONS          | LABOR REL & WAGE ADMIN        | PPI   | 6                     | 0         | 0    | 6     | 6      |      |
| CORPORATE EXCELLENCE    | SAFETY, SECURITY & FACILITIES | CORPORATE SAFETY              | PFS   | 10                    | 0         | 0    | 10    | 13     | (3)  |
| CORPORATE EXCELLENCE    | SAFETY, SECURITY & FACILITIES | ADMINISTRATION                | PHA   | 2                     | 0         | 0    | 2     | 2      |      |
| CORPORATE EXCELLENCE    | SAFETY, SECURITY & FACILITIES | FACILITIES OPERATIONS         | PHB   | 15                    | 0         | 0    | 15    | 15     |      |
| CORPORATE EXCELLENCE    | SAFETY, SECURITY & FACILITIES | FACILITIES PLANNING           | PHF   | 6                     | 0         | 0    | 6     | 8      | (2)  |
| CORPORATE EXCELLENCE    | SAFETY, SECURITY & FACILITIES | SECURITY                      | PHS   | 11                    | 0         | 0    | 11    | 10     | 1    |
| CORPORATE EXCELLENCE    | VP CORPORATE EXCELLENCE       | VP CORPORATE EXCELLENCE       | P6V   | 2                     | 0         | 0    | 2     | 2      |      |
| CORPORATE EXCELLENCE    | WORKFORCE STAFFING & DEVELOP  | ADMINISTRATION                | PFA   | 3                     | 0         | 0    | 3     | 4      | (1)  |
| CORPORATE EXCELLENCE    | WORKFORCE STAFFING & DEVELOP  | CLIENT SERVICES & CONSULTING  | PFD   | 9                     | 0         | 1    | 10    | 12     | (2)  |
| CORPORATE EXCELLENCE    | WORKFORCE STAFFING & DEVELOP  | ORGANIZ DEV & CONTIN IMPRVMT  | PFI   | 3                     | 0         | 0    | 3     | 4      | (1)  |
| CORPORATE EXCELLENCE    |                               | SUBTOTAL                      |       | 83                    | 0         | 1    | 84    | 94     | (10) |
| CORPORATE RELATIONS     | CORPORATE COMMUNICATIONS      | CORPORATE COMMUNICATIONS      | PQC   | 9                     | 1         | 0    | 10    | 10     |      |
| CORPORATE RELATIONS     | VP CORPORATE RELATIONS        | VP CORPORATE RELATIONS        | P1V   | 2                     | 0         | 0    | 2     | 2      |      |
| CORPORATE RELATIONS     |                               | SUBTOTAL                      |       | 11                    | 1         | 0    | 12    | 12     | 0    |
| CUSTOMER SOLUTIONS      | CUSTOMER TECH APPLICATIONS    | CUSTOMER TECH APPLICATIONS    | PSR   | 8                     | 0         | 0    | 8     | 10     | (2)  |
| CUSTOMER SOLUTIONS      | ENERGY SERVICES               | ADMINISTRATION                | PSA   | 3                     | 0         | 0    | 3     | 3      |      |
| CUSTOMER SOLUTIONS      | ENERGY SERVICES               | CUSTOMER EFFICIENCY PROGRAM   | PSD** | 10                    | 0         | 0    | 10    | 11     | (1)  |
| CUSTOMER SOLUTIONS      | ENERGY SERVICES               | PRICING                       | PSP   | 3                     | 0         | 0    | 4     | 5      | (1)  |
| CUSTOMER SOLUTIONS      | FORECASTS & RESEARCH          | FORECASTS & RESEARCH          | PSM   | 10                    | 0         | 0    | 10    | 10     |      |
| CUSTOMER SOLUTIONS      | INTEGRATED RESOURCE PLNG      | INTEGRATED RESOURCE PLANNING  | PYP   | 5                     | 0         | 0    | 5     | 6      | (1)  |
| CUSTOMER SOLUTIONS      | MARKETING SERVICES            | MARKETING SERVICES            | PSN   | 12                    | 0         | 0    | 12    | 12     |      |
| CUSTOMER SOLUTIONS      | VP CUSTOMER SOLUTIONS         | CUSTOMER SOLUTIONS            | P1W   | 2                     | 0         | 0    | 2     | 2      |      |
| CUSTOMER SOLUTIONS      |                               | SUBTOTAL                      |       | 53                    | 0         | 0    | 54    | 59     | (5)  |
| ENERGY DELIVERY         | CONSTRUCTION & MAINTENANCE    | ADMINISTRATION                | PDA   | 5                     | 0         | 0    | 5     | 7      | (2)  |
| ENERGY DELIVERY         | CONSTRUCTION & MAINTENANCE    | CONTROL SECTION               | PDC   | 6                     | 0         | 0    | 6     | 8      | (2)  |
| ENERGY DELIVERY         | CONSTRUCTION & MAINTENANCE    | TRAINING SECTION              | PDD   | 4                     | 0         | 0    | 4     |        | 4    |
| ENERGY DELIVERY         | CONSTRUCTION & MAINTENANCE    | FIELD OPERATION               | PDF   | 25                    | 0         | 0    | 25    | 22     | 3    |
| ENERGY DELIVERY         | CONSTRUCTION & MAINTENANCE    | WEST OVERHEAD                 | PDJ*  | 47                    | 0         | 0    | 47    |        |      |
| ENERGY DELIVERY         | CONSTRUCTION & MAINTENANCE    | EAST OVERHEAD-KOOLAU          | PDK*  | 25                    | 0         | 0    | 25    |        |      |
| ENERGY DELIVERY         | CONSTRUCTION & MAINTENANCE    | EAST OVERHEAD-WARD            | PDL*  | 42                    | 0         | 0    | 42    |        |      |
| ENERGY DELIVERY         | CONSTRUCTION & MAINTENANCE    | UNDERGROUND                   | PDU*  | 25                    | 0         | 0    | 25    |        |      |
| ENERGY DELIVERY         | CONSTRUCTION & MAINTENANCE    | OPERATIONS                    | PDS*  | 12                    | 0         | 0    | 12    | 174    | (23) |
| ENERGY DELIVERY         | CONSTRUCTION & MAINTENANCE    | PLANNING                      | PDP   | 20                    | 0         | 0    | 20    | 14     | 6    |
| ENERGY DELIVERY         | CONSTRUCTION & MAINTENANCE    | VEGETATION MANAGEMENT         | PDV   | 2                     | 0         | 0    | 2     | 2      |      |
| ENERGY DELIVERY         | ENGINEERING                   | ADMINISTRATION                | PBA   | 7                     | 0         | 0    | 7     | 7      |      |
| ENERGY DELIVERY         | ENGINEERING                   | T&D ENGINEERING               | PBE   | 22                    | 0         | 1    | 23    | 26     | (3)  |
| ENERGY DELIVERY         | ENGINEERING                   | PROJECT MANAGEMENT            | PBP   | 7                     | 0         | 0    | 7     | 7      |      |
| ENERGY DELIVERY         | ENGINEERING                   | STRUCTURAL                    | PBT   | 18                    | 0         | 1    | 19    | 18     | 1    |
| ENERGY DELIVERY         | ENGINEERING                   | SUBST.PROTECTION&TELECOM      | PBY   | 20                    | 0         | 2    | 22    | 22     |      |
| ENERGY DELIVERY         | ENGINEERING                   | T&D TECHNICAL SERVICES        | PBZ   | 7                     | 0         | 0    | 7     | 10     | (3)  |
| ENERGY DELIVERY         | SUPPORT SERVICES              | ADMINISTRATION                | PVA   | 5                     | 0         | 0    | 5     | 5      |      |
| ENERGY DELIVERY         | SUPPORT SERVICES              | FLEET                         | PVF   | 23                    | 0         | 0    | 23    | 25     | (2)  |
| ENERGY DELIVERY         | SUPPORT SERVICES              | ELECTRICAL & WELDING SERVICES | PVL   | 12                    | 0         | 0    | 12    | 14     | (2)  |
| ENERGY DELIVERY         | SUPPORT SERVICES              | MATERIALS MANAGEMENT          | PVM   | 28                    | 0         | 0    | 28    | 28     |      |
| ENERGY DELIVERY         | SUPPORT SERVICES              | PURCHASING                    | PVP   | 13                    | 0         | 0    | 13    | 15     | (2)  |
| ENERGY DELIVERY         | SYSTEM OPERATION              | ADMINISTRATION                | PRA   | 6                     | 0         | 0    | 6     | 6      |      |
| ENERGY DELIVERY         | SYSTEM OPERATION              | COMMUNICATIONS                | PRC   | 8                     | 0         | 0    | 8     | 8      |      |
| ENERGY DELIVERY         | SYSTEM OPERATION              | OPERATING DISPATCH            | PRD   | 24                    | 0         | 0    | 24    | 27     | (3)  |
| ENERGY DELIVERY         | SYSTEM OPERATION              | OPERATING ENGINEERING         | PRE   | 13                    | 0         | 0    | 13    | 14     | (1)  |
| ENERGY DELIVERY         | SYSTEM OPERATION              | INSTRUMENT & CONTROL          | PRI   | 9                     | 0         | 0    | 9     | 9      |      |
| ENERGY DELIVERY         | SYSTEM OPERATION              | RELAY                         | PRR   | 10                    | 0         | 0    | 10    | 10     |      |
| ENERGY DELIVERY         | SYSTEM OPERATION              | SUBSTATION                    | PRS   | 36                    | 0         | 0    | 36    | 38     | (2)  |
| ENERGY DELIVERY         | SYSTEM OPERATION              | CONSTRUCTION MANAGEMENT       | PRX   | 3                     | 0         | 0    | 3     | 3      |      |
| ENERGY DELIVERY         | VP ENERGY DELIVERY            | VP ENERGY DELIVERY            | P2V   | 2                     | 0         | 0    | 2     | 2      |      |
| ENERGY DELIVERY         |                               | SUBTOTAL                      |       | 486                   | 0         | 4    | 490   | 521    | (31) |
| FINANCE                 | FINANCIAL VICE PRESIDENT      | FINANCIAL VICE PRESIDENT      | P4V   | 3                     | 0         | 0    | 3     | 3      |      |
| FINANCE                 | GENERAL ACCOUNTING            | ADMINISTRATION                | PAA   | 5                     | 0         | 0    | 5     | 6      | (1)  |
| FINANCE                 | GENERAL ACCOUNTING            | CORPORATE ACCOUNTING          | PAC   | 5                     | 0         | 0    | 5     | 5      |      |
| FINANCE                 | GENERAL ACCOUNTING            | COST ACCOUNTING               | PAD   | 10                    | 0         | 0    | 10    | 10     |      |
| FINANCE                 | GENERAL ACCOUNTING            | PROPERTY ACCOUNTING           | PAT   | 5                     | 0         | 0    | 5     | 5      |      |
| FINANCE                 | INFO TECHNOLOGY & SVCS        | ADMINISTRATION                | PEA   | 2                     | 0         | 0    | 2     | 2      |      |
| FINANCE                 | INFO TECHNOLOGY & SVCS        | CUSTOMER CARE                 | PEC   | 23                    | 0         | 0    | 23    | 25     | (2)  |
| FINANCE                 | INFO TECHNOLOGY & SVCS        | DEVELOPMENT SERVICES          | PED   | 37                    | 0         | 0    | 37    | 38     | (1)  |
| FINANCE                 | INFO TECHNOLOGY & SVCS        | INFRASTRUCTURE & OPERATIONS   | PEI   | 24                    | 0         | 0    | 24    | 24     |      |
| FINANCE                 | INFO TECHNOLOGY & SVCS        | MAILING SERVICES              | PEM   | 8                     | 0         | 0    | 8     | 9      | (1)  |
| FINANCE                 | MANAGEMENT ACCTG & FIN SVCS   | ADMINISTRATION                | PKB   | 4                     | 0         | 0    | 4     | 4      |      |
| FINANCE                 | MANAGEMENT ACCTG & FIN SVCS   | BUDGETS                       | PKC   | 7                     | 0         | 0    | 7     | 7      |      |
| FINANCE                 | MANAGEMENT ACCTG & FIN SVCS   | FINANCIAL ANALYSIS            | PKF   | 3                     | 0         | 0    | 3     | 3      |      |
| FINANCE                 | MANAGEMENT ACCTG & FIN SVCS   | ERP ADMINISTRATION            | PKM   | 3                     | 0         | 0    | 3     | 3      |      |
| FINANCE                 | MANAGEMENT ACCTG & FIN SVCS   | TREASURY                      | PKT   | 5                     | 0         | 0    | 5     | 5      |      |
| FINANCE                 | RISK MANAGEMENT               | RISK MANAGEMENT               | PKI   | 9                     | 0         | 0    | 9     | 9      |      |
| FINANCE                 |                               | SUBTOTAL                      |       | 153                   | 0         | 0    | 153   | 158    | (5)  |
| GENERAL COUNSEL         | LEGAL                         | LEGAL                         | PNC   | 11                    | 0         | 0    | 11    | 11     |      |
| GENERAL COUNSEL         | LEGAL                         | LAND & RIGHTS OF WAY          | PNL   | 5                     | 0         | 0    | 5     | 5      |      |
| GENERAL COUNSEL         | VP GENERAL COUNSEL            | VP-GENERAL COUNSEL            | P5V   | 2                     | 0         | 0    | 2     | 2      |      |



| VICE PRESIDENT'S OFFICE  | DEPARTMENT NAME              | DIVISION NAME                | RA  | ACTUAL EMPLOYEE COUNT |           |      |       | BUDGET | DIFF  |
|--------------------------|------------------------------|------------------------------|-----|-----------------------|-----------|------|-------|--------|-------|
|                          |                              |                              |     | FULL TIME             | PART TIME | TEMP | TOTAL |        |       |
| GENERAL COUNSEL          |                              | SUBTOTAL                     |     | 18                    | 0         | 0    | 18    | 18     | 0     |
| GOVT & COMMUNITY AFFAIRS | EDUCATION & CONSUMER AFFAIRS | EDUCATION & CONSUMER AFFAIRS | PQE | 8                     | 0         | 0    | 8     | 8      |       |
| GOVT & COMMUNITY AFFAIRS | REGULATORY AFFAIRS           | REGULATORY AFFAIRS           | PNP | 7                     | 0         | 0    | 7     | 8      | (1)   |
| GOVT & COMMUNITY AFFAIRS | VP GOVT & COMMUNITY AFFAIRS  | VP GOVT & COMMUNITY AFFAIRS  | P3V | 7                     | 0         | 0    | 7     | 7      |       |
| GOVT & COMMUNITY AFFAIRS |                              | SUBTOTAL                     |     | 22                    | 0         | 0    | 22    | 23     | (1)   |
| POWER SUPPLY             | ENVIRONMENTAL                | ADMINISTRATION               | PJA | 4                     | 0         | 0    | 4     | 4      |       |
| POWER SUPPLY             | ENVIRONMENTAL                | AIR QUALITY & NOISE          | PJB | 5                     | 0         | 0    | 5     | 6      | (1)   |
| POWER SUPPLY             | ENVIRONMENTAL                | CHEMISTRY                    | PJC | 6                     | 0         | 0    | 6     | 7      | (1)   |
| POWER SUPPLY             | ENVIRONMENTAL                | WATER & HAZARDOUS MATERIAL   | PJW | 7                     | 0         | 0    | 7     | 7      |       |
| POWER SUPPLY             | POWER SUPPLY ENGINEERING     | ADMINISTRATION               | PYA | 3                     | 0         | 0    | 3     | 3      |       |
| POWER SUPPLY             | POWER SUPPLY ENGINEERING     | SUPPORT STAFF                | PYC | 2                     | 0         | 0    | 2     | 2      |       |
| POWER SUPPLY             | POWER SUPPLY ENGINEERING     | PS TECHNICAL SERVICES        | PYE | 8                     | 0         | 0    | 8     | 9      | (1)   |
| POWER SUPPLY             | POWER SUPPLY ENGINEERING     | POWER PLANT ELECT ENGRG      | PYF | 9                     | 0         | 0    | 9     | 12     | (3)   |
| POWER SUPPLY             | POWER SUPPLY ENGINEERING     | POWER PLANT DRAFTING         | PYG | 2                     | 0         | 0    | 2     | 2      |       |
| POWER SUPPLY             | POWER SUPPLY ENGINEERING     | POWER PLANT PROJECT MGT      | PYJ | 5                     | 0         | 0    | 5     | 5      |       |
| POWER SUPPLY             | POWER SUPPLY ENGINEERING     | POWER PLANT MECH ENGRG       | PYM | 11                    | 0         | 0    | 11    | 13     | (2)   |
| POWER SUPPLY             | POWER SUPPLY OPER & MAINT    | O&M ADMINISTRATION           | PIB | 8                     | 0         | 0    | 8     | 11     | (3)   |
| POWER SUPPLY             | POWER SUPPLY OPER & MAINT    | HONOLULU STATION OPERATIONS  | PIH | 24                    | 0         | 0    | 25    | 26     | (1)   |
| POWER SUPPLY             | POWER SUPPLY OPER & MAINT    | KAHE STATION OPERATIONS      | PIK | 59                    | 0         | 0    | 60    | 60     |       |
| POWER SUPPLY             | POWER SUPPLY OPER & MAINT    | KAHE STATION MAINTENANCE     | PIL | 27                    | 0         | 0    | 27    | 28     | (1)   |
| POWER SUPPLY             | POWER SUPPLY OPER & MAINT    | MAINTENANCE ADMINISTRATION   | PIM | 2                     | 0         | 0    | 2     | 2      |       |
| POWER SUPPLY             | POWER SUPPLY OPER & MAINT    | HONOLULU STATION MAINTENANCE | PIN | 9                     | 0         | 0    | 9     | 9      |       |
| POWER SUPPLY             | POWER SUPPLY OPER & MAINT    | OPERATIONS ADMINISTRATION    | PIO | 2                     | 0         | 0    | 2     | 3      | (1)   |
| POWER SUPPLY             | POWER SUPPLY OPER & MAINT    | PLANNING AND ENGINEERING     | PIP | 17                    | 0         | 1    | 18    | 21     | (3)   |
| POWER SUPPLY             | POWER SUPPLY OPER & MAINT    | TRAVELING MAINTENANCE        | PIT | 67                    | 0         | 0    | 67    | 96     | (29)  |
| POWER SUPPLY             | POWER SUPPLY OPER & MAINT    | WAI'AU STATION OPERATIONS    | PIW | 62                    | 0         | 0    | 62    | 64     | (2)   |
| POWER SUPPLY             | POWER SUPPLY OPER & MAINT    | WAI'AU STATION MAINTENANCE   | PIX | 27                    | 0         | 0    | 27    | 27     |       |
| POWER SUPPLY             | POWER SUPPLY SERVICES        | SERVICES ADMINISTRATION      | PIA | 3                     | 0         | 0    | 3     | 3      |       |
| POWER SUPPLY             | POWER SUPPLY SERVICES        | POWER PURCHASE               | PIC | 6                     | 0         | 0    | 6     | 6      |       |
| POWER SUPPLY             | POWER SUPPLY SERVICES        | FUEL RESOURCES               | PIF | 4                     | 0         | 0    | 4     | 4      |       |
| POWER SUPPLY             | POWER SUPPLY SERVICES        | GENERATION PLANNING          | PYB | 9                     | 0         | 0    | 9     | 9      |       |
| POWER SUPPLY             | POWER SUPPLY SERVICES        | TRANSMISSION PLANNING        | PYT | 7                     | 0         | 0    | 7     | 8      | (1)   |
| POWER SUPPLY             | VP POWER SUPPLY              | VP POWER SUPPLY              | P7V | 2                     | 0         | 0    | 2     | 2      |       |
| POWER SUPPLY             |                              | SUBTOTAL                     |     | 397                   | 0         | 1    | 400   | 449    | (49)  |
| PRESIDENT - HECO         | CORPORATE AUDIT & COMPLIANCE | INTERNAL AUDIT               | PNA | 8                     | 0         | 0    | 8     | 8      |       |
| PRESIDENT - HECO         | CORPORATE AUDIT & COMPLIANCE | ADMINISTRATION               | PNX | 3                     | 0         | 0    | 3     | 4      | (1)   |
| PRESIDENT - HECO         | PRESIDENTS OFFICE            | PRESIDENTS OFFICE            | P9P | 4                     | 0         | 0    | 4     | 5      | (1)   |
| PRESIDENT - HECO         |                              | SUBTOTAL                     |     | 15                    | 0         | 0    | 15    | 17     | (2)   |
| SPECIAL PROJECTS         | VP SPECIAL PROJECTS          | VP SPECIAL PROJECTS          | P2W | 3                     | 0         | 0    | 3     | 3      |       |
| SPECIAL PROJECTS         |                              | SUBTOTAL                     |     | 3                     | 0         | 0    | 3     | 3      | 0     |
| SR VP ENERGY SOLUTIONS   | CUSTOMER INSTALLATION        | ADMINISTRATION               | PWA | 11                    | 0         | 0    | 11    | 11     |       |
| SR VP ENERGY SOLUTIONS   | CUSTOMER INSTALLATION        | PLANNING & DESIGN            | PWP | 21                    | 0         | 0    | 24    | 27     | (3)   |
| SR VP ENERGY SOLUTIONS   | CUSTOMER INSTALLATION        | ENGINEERING & METER          | PWX | 13                    | 0         | 0    | 13    | 15     | (2)   |
| SR VP ENERGY SOLUTIONS   | ENERGY PROJECTS              | ENERGY PROJECTS              | PNG | 9                     | 0         | 0    | 9     | 9      |       |
| SR VP ENERGY SOLUTIONS   | SR VP ENERGY SOLUTIONS       | SR VP ENERGY SOLUTIONS       | P9S | 4                     | 0         | 0    | 4     | 4      |       |
| SR VP ENERGY SOLUTIONS   | TECHNOLOGY                   | TECHNOLOGY                   | PNR | 2                     | 0         | 1    | 3     | 3      |       |
| SR VP ENERGY SOLUTIONS   |                              | SUBTOTAL                     |     | 60                    | 0         | 1    | 64    | 69     | (5)   |
| SR VP OPERATIONS         | CUSTOMER SERVICE             | ADMINISTRATION               | PCA | 4                     | 0         | 0    | 4     | 5      | (1)   |
| SR VP OPERATIONS         | CUSTOMER SERVICE             | CUST ACCOUNTING & BILLING    | PCB | 6                     | 0         | 0    | 6     | 6      |       |
| SR VP OPERATIONS         | CUSTOMER SERVICE             | CREDIT                       | PCD | 5                     | 0         | 0    | 5     | 5      |       |
| SR VP OPERATIONS         | CUSTOMER SERVICE             | CUSTOMER FIELD SERVICES      | PCF | 5                     | 0         | 0    | 5     | 5      |       |
| SR VP OPERATIONS         | CUSTOMER SERVICE             | FIELD SERVICE & COLLECTIONS  | PCG | 25                    | 0         | 0    | 26    | 27     | (1)   |
| SR VP OPERATIONS         | CUSTOMER SERVICE             | CUSTOMER ASSISTANCE CENTER   | PCH | 28                    | 0         | 0    | 28    | 30     | (2)   |
| SR VP OPERATIONS         | CUSTOMER SERVICE             | METER READING                | PCM | 34                    | 0         | 0    | 34    | 34     |       |
| SR VP OPERATIONS         | CUSTOMER SERVICE             | PAYMT PROCESS & SUPPORT CTR  | PCP | 15                    | 0         | 0    | 15    | 17     | (2)   |
| SR VP OPERATIONS         | CUSTOMER SERVICE             | CUSTOMER ACCOUNT SERVICES    | PCS | 5                     | 0         | 0    | 5     | 5      |       |
| SR VP OPERATIONS         | SR VP OPERATIONS             | SR VP OPERATIONS             | P8V | 3                     | 0         | 0    | 3     | 3      |       |
| SR VP OPERATIONS         |                              | SUBTOTAL                     |     | 130                   | 0         | 0    | 131   | 137    | (6)   |
| SR VP PUBLIC AFFAIRS     | GOVERNMENTAL RELATIONS       | GOVERNMENTAL RELATIONS       | PNI | 3                     | 0         | 0    | 3     | 3      |       |
| SR VP PUBLIC AFFAIRS     | SR VP PUBLIC AFFAIRS         | SR VP PUBLIC AFFAIRS         | P9V | 2                     | 0         | 0    | 2     | 2      |       |
| SR VP PUBLIC AFFAIRS     |                              | SUBTOTAL                     |     | 5                     | 0         | 0    | 5     | 5      | 0     |
|                          |                              | COMPANY TOTAL                |     | 1436                  | 1         | 7    | 1451  | 1565   | (114) |

\*Forecast Budget count for RA PDS includes RA's PDJ, PDK, PDL & PDU.

\*\*Updated to reflect D&O 23258: Two DSM employees previously removed from employee counts are added back



| VICE PRESIDENT'S OFFICE | DEPARTMENT NAME               | DIVISION NAME                 | RA    | ACTUAL EMPLOYEE COUNT |           |      |       | BUDGET | DIFF |
|-------------------------|-------------------------------|-------------------------------|-------|-----------------------|-----------|------|-------|--------|------|
|                         |                               |                               |       | FULL TIME             | PART TIME | TEMP | TOTAL |        |      |
| CORPORATE EXCELLENCE    | COMPENSATION AND BENEFITS     | EMPL BENEFITS & HLTH SVCS     | PFB   | 8                     | 0         | 0    | 8     | 10     | (2)  |
| CORPORATE EXCELLENCE    | COMPENSATION AND BENEFITS     | COMPENSATION                  | PFC   | 1                     | 0         | 0    | 1     | 2      | (1)  |
| CORPORATE EXCELLENCE    | COMPENSATION AND BENEFITS     | DISABILITY MANAGEMENT         | PPW   | 3                     | 0         | 0    | 3     | 3      |      |
| CORPORATE EXCELLENCE    | INDUSTRIAL RELATIONS          | ADMINISTRATION                | PPA   | 3                     | 0         | 0    | 3     | 3      |      |
| CORPORATE EXCELLENCE    | INDUSTRIAL RELATIONS          | LABOR REL & WAGE ADMIN        | PPI   | 6                     | 0         | 0    | 6     | 6      |      |
| CORPORATE EXCELLENCE    | SAFETY, SECURITY & FACILITIES | CORPORATE SAFETY              | PFS   | 12                    | 0         | 0    | 12    | 13     | (1)  |
| CORPORATE EXCELLENCE    | SAFETY, SECURITY & FACILITIES | ADMINISTRATION                | PHA   | 2                     | 0         | 0    | 2     | 2      |      |
| CORPORATE EXCELLENCE    | SAFETY, SECURITY & FACILITIES | FACILITIES OPERATIONS         | PHB   | 15                    | 0         | 0    | 15    | 15     |      |
| CORPORATE EXCELLENCE    | SAFETY, SECURITY & FACILITIES | FACILITIES PLANNING           | PHF   | 7                     | 0         | 0    | 7     | 8      | (1)  |
| CORPORATE EXCELLENCE    | SAFETY, SECURITY & FACILITIES | SECURITY                      | PHS   | 10                    | 0         | 0    | 10    | 10     |      |
| CORPORATE EXCELLENCE    | VP CORPORATE EXCELLENCE       | VP CORPORATE EXCELLENCE       | P6V   | 2                     | 0         | 0    | 2     | 2      |      |
| CORPORATE EXCELLENCE    | WORKFORCE STAFFING & DEVELOP  | ADMINISTRATION                | PFA   | 3                     | 0         | 0    | 3     | 4      | (1)  |
| CORPORATE EXCELLENCE    | WORKFORCE STAFFING & DEVELOP  | CLIENT SERVICES & CONSULTING  | PFD   | 9                     | 0         | 1    | 10    | 12     | (2)  |
| CORPORATE EXCELLENCE    | WORKFORCE STAFFING & DEVELOP  | ORGANIZ DEV & CONTIN IMPRVMT  | PFI   | 3                     | 0         | 0    | 3     | 4      | (1)  |
| CORPORATE EXCELLENCE    |                               | SUBTOTAL                      |       | 84                    | 0         | 1    | 85    | 94     | (9)  |
| CORPORATE RELATIONS     | CORPORATE COMMUNICATIONS      | CORPORATE COMMUNICATIONS      | PQC   | 9                     | 1         | 0    | 10    | 10     |      |
| CORPORATE RELATIONS     | VP CORPORATE RELATIONS        | VP CORPORATE RELATIONS        | P1V   | 2                     | 0         | 0    | 2     | 2      |      |
| CORPORATE RELATIONS     |                               | SUBTOTAL                      |       | 11                    | 1         | 0    | 12    | 12     | 0    |
| CUSTOMER SOLUTIONS      | CUSTOMER TECH APPLICATIONS    | CUSTOMER TECH APPLICATIONS    | PSR   | 7                     | 0         | 0    | 7     | 10     | (3)  |
| CUSTOMER SOLUTIONS      | ENERGY SERVICES               | ADMINISTRATION                | PSA   | 3                     | 0         | 0    | 3     | 3      |      |
| CUSTOMER SOLUTIONS      | ENERGY SERVICES               | CUSTOMER EFFICIENCY PROGRAM   | PSD** | 9                     | 0         | 0    | 9     | 11     | (2)  |
| CUSTOMER SOLUTIONS      | ENERGY SERVICES               | PRICING                       | PSP   | 4                     | 0         | 0    | 4     | 5      | (1)  |
| CUSTOMER SOLUTIONS      | FORECASTS & RESEARCH          | FORECASTS & RESEARCH          | PSM   | 10                    | 0         | 0    | 10    | 10     |      |
| CUSTOMER SOLUTIONS      | INTEGRATED RESOURCE PLNG      | INTEGRATED RESOURCE PLANNING  | PYP   | 5                     | 0         | 0    | 5     | 6      | (1)  |
| CUSTOMER SOLUTIONS      | MARKETING SERVICES            | MARKETING SERVICES            | PSN   | 12                    | 0         | 0    | 12    | 12     |      |
| CUSTOMER SOLUTIONS      | VP CUSTOMER SOLUTIONS         | CUSTOMER SOLUTIONS            | P1W   | 2                     | 0         | 0    | 2     | 2      |      |
| CUSTOMER SOLUTIONS      |                               | SUBTOTAL                      |       | 52                    | 0         | 0    | 52    | 59     | (7)  |
| ENERGY DELIVERY         | CONSTRUCTION & MAINTENANCE    | ADMINISTRATION                | PDA   | 5                     | 0         | 0    | 5     | 7      | (2)  |
| ENERGY DELIVERY         | CONSTRUCTION & MAINTENANCE    | CONTROL SECTION               | PDC   | 6                     | 0         | 0    | 6     | 8      | (2)  |
| ENERGY DELIVERY         | CONSTRUCTION & MAINTENANCE    | TRAINING SECTION              | PDD   | 4                     | 0         | 0    | 4     |        | 4    |
| ENERGY DELIVERY         | CONSTRUCTION & MAINTENANCE    | FIELD OPERATION               | PDF   | 24                    | 0         | 0    | 24    | 22     | 2    |
| ENERGY DELIVERY         | CONSTRUCTION & MAINTENANCE    | WEST OVERHEAD                 | PDJ*  | 46                    | 0         | 0    | 46    |        |      |
| ENERGY DELIVERY         | CONSTRUCTION & MAINTENANCE    | EAST OVERHEAD-KOOLAU          | PDK*  | 25                    | 0         | 0    | 25    |        |      |
| ENERGY DELIVERY         | CONSTRUCTION & MAINTENANCE    | EAST OVERHEAD-WARD            | PDL*  | 42                    | 0         | 0    | 42    |        |      |
| ENERGY DELIVERY         | CONSTRUCTION & MAINTENANCE    | UNDERGROUND                   | PDU*  | 25                    | 0         | 0    | 25    |        |      |
| ENERGY DELIVERY         | CONSTRUCTION & MAINTENANCE    | OPERATIONS                    | PDS*  | 12                    | 0         | 0    | 12    | 174    | (24) |
| ENERGY DELIVERY         | CONSTRUCTION & MAINTENANCE    | PLANNING                      | PDP   | 21                    | 0         | 0    | 21    | 14     | 7    |
| ENERGY DELIVERY         | CONSTRUCTION & MAINTENANCE    | VEGETATION MANAGEMENT         | PDV   | 2                     | 0         | 0    | 2     | 2      |      |
| ENERGY DELIVERY         | ENGINEERING                   | ADMINISTRATION                | PBA   | 7                     | 0         | 0    | 7     | 7      |      |
| ENERGY DELIVERY         | ENGINEERING                   | T&D ENGINEERING               | PBE   | 22                    | 0         | 1    | 23    | 26     | (3)  |
| ENERGY DELIVERY         | ENGINEERING                   | PROJECT MANAGEMENT            | PBP   | 7                     | 0         | 0    | 7     | 7      |      |
| ENERGY DELIVERY         | ENGINEERING                   | STRUCTURAL                    | PBT   | 18                    | 0         | 1    | 19    | 18     | 1    |
| ENERGY DELIVERY         | ENGINEERING                   | SUBST.PROTECTION&TELECOM      | PBY   | 20                    | 0         | 3    | 23    | 22     | 1    |
| ENERGY DELIVERY         | ENGINEERING                   | T&D TECHNICAL SERVICES        | PBZ   | 7                     | 0         | 0    | 7     | 10     | (3)  |
| ENERGY DELIVERY         | SUPPORT SERVICES              | ADMINISTRATION                | PVA   | 5                     | 0         | 0    | 5     | 5      |      |
| ENERGY DELIVERY         | SUPPORT SERVICES              | FLEET                         | PVF   | 23                    | 0         | 0    | 23    | 25     | (2)  |
| ENERGY DELIVERY         | SUPPORT SERVICES              | ELECTRICAL & WELDING SERVICES | PVL   | 12                    | 0         | 0    | 12    | 14     | (2)  |
| ENERGY DELIVERY         | SUPPORT SERVICES              | MATERIALS MANAGEMENT          | PVM   | 28                    | 0         | 0    | 28    | 28     |      |
| ENERGY DELIVERY         | SUPPORT SERVICES              | PURCHASING                    | PVP   | 12                    | 0         | 0    | 12    | 15     | (3)  |
| ENERGY DELIVERY         | SYSTEM OPERATION              | ADMINISTRATION                | PRA   | 6                     | 0         | 0    | 6     | 6      |      |
| ENERGY DELIVERY         | SYSTEM OPERATION              | COMMUNICATIONS                | PRC   | 8                     | 0         | 0    | 8     | 8      |      |
| ENERGY DELIVERY         | SYSTEM OPERATION              | OPERATING DISPATCH            | PRD   | 25                    | 0         | 0    | 25    | 27     | (2)  |
| ENERGY DELIVERY         | SYSTEM OPERATION              | OPERATING ENGINEERING         | PRE   | 13                    | 0         | 0    | 13    | 14     | (1)  |
| ENERGY DELIVERY         | SYSTEM OPERATION              | INSTRUMENT & CONTROL          | PRI   | 8                     | 0         | 0    | 8     | 9      | (1)  |
| ENERGY DELIVERY         | SYSTEM OPERATION              | RELAY                         | PRR   | 10                    | 0         | 0    | 10    | 10     |      |
| ENERGY DELIVERY         | SYSTEM OPERATION              | SUBSTATION                    | PRS   | 35                    | 0         | 0    | 35    | 38     | (3)  |
| ENERGY DELIVERY         | SYSTEM OPERATION              | CONSTRUCTION MANAGEMENT       | PRX   | 3                     | 0         | 0    | 3     | 3      |      |
| ENERGY DELIVERY         | VP ENERGY DELIVERY            | VP ENERGY DELIVERY            | P2V   | 3                     | 0         | 0    | 3     | 2      | 1    |
| ENERGY DELIVERY         |                               | SUBTOTAL                      |       | 484                   | 0         | 5    | 489   | 521    | (32) |
| FINANCE                 | FINANCIAL VICE PRESIDENT      | FINANCIAL VICE PRESIDENT      | P4V   | 3                     | 0         | 0    | 3     | 3      |      |
| FINANCE                 | GENERAL ACCOUNTING            | ADMINISTRATION                | PAA   | 6                     | 0         | 0    | 6     | 6      |      |
| FINANCE                 | GENERAL ACCOUNTING            | CORPORATE ACCOUNTING          | PAC   | 5                     | 0         | 0    | 5     | 5      |      |
| FINANCE                 | GENERAL ACCOUNTING            | COST ACCOUNTING               | PAD   | 10                    | 0         | 0    | 10    | 10     |      |
| FINANCE                 | GENERAL ACCOUNTING            | PROPERTY ACCOUNTING           | PAT   | 5                     | 0         | 0    | 5     | 5      |      |
| FINANCE                 | INFO TECHNOLOGY & SVCS        | ADMINISTRATION                | PEA   | 2                     | 0         | 0    | 2     | 2      |      |
| FINANCE                 | INFO TECHNOLOGY & SVCS        | CUSTOMER CARE                 | PEC   | 23                    | 0         | 0    | 23    | 25     | (2)  |
| FINANCE                 | INFO TECHNOLOGY & SVCS        | DEVELOPMENT SERVICES          | PED   | 37                    | 0         | 0    | 37    | 38     | (1)  |
| FINANCE                 | INFO TECHNOLOGY & SVCS        | INFRASTRUCTURE & OPERATIONS   | PEI   | 23                    | 0         | 0    | 23    | 24     | (1)  |
| FINANCE                 | INFO TECHNOLOGY & SVCS        | MAILING SERVICES              | PEM   | 8                     | 0         | 0    | 8     | 9      | (1)  |
| FINANCE                 | INFO TECHNOLOGY & SVCS        | PUBLISHING & RECORDS SERVICES | PER   | 1                     | 0         | 0    | 1     |        | 1    |
| FINANCE                 | MANAGEMENT ACCTG & FIN SVCS   | ADMINISTRATION                | PKB   | 4                     | 0         | 0    | 4     | 4      |      |
| FINANCE                 | MANAGEMENT ACCTG & FIN SVCS   | BUDGETS                       | PKC   | 7                     | 0         | 0    | 7     | 7      |      |
| FINANCE                 | MANAGEMENT ACCTG & FIN SVCS   | FINANCIAL ANALYSIS            | PKF   | 3                     | 0         | 0    | 3     | 3      |      |
| FINANCE                 | MANAGEMENT ACCTG & FIN SVCS   | ERP ADMINISTRATION            | PKM   | 3                     | 0         | 0    | 3     | 3      |      |
| FINANCE                 | MANAGEMENT ACCTG & FIN SVCS   | TREASURY                      | PKT   | 5                     | 0         | 0    | 5     | 5      |      |
| FINANCE                 | RISK MANAGEMENT               | RISK MANAGEMENT               | PKI   | 9                     | 0         | 0    | 9     | 9      |      |
| FINANCE                 |                               | SUBTOTAL                      |       | 154                   | 0         | 0    | 154   | 158    | (4)  |
| GENERAL COUNSEL         | LEGAL                         | LEGAL                         | PNC   | 11                    | 0         | 0    | 11    | 11     |      |
| GENERAL COUNSEL         | LEGAL                         | LAND & RIGHTS OF WAY          | PNL   | 5                     | 0         | 0    | 5     | 5      |      |



| VICE PRESIDENT'S OFFICE  | DEPARTMENT NAME              | DIVISION NAME                | RA     | ACTUAL EMPLOYEE COUNT |           |      |       | BUDGET | DIFF  |
|--------------------------|------------------------------|------------------------------|--------|-----------------------|-----------|------|-------|--------|-------|
|                          |                              |                              |        | FULL TIME             | PART TIME | TEMP | TOTAL |        |       |
| GENERAL COUNSEL          | VP GENERAL COUNSEL           | VP-GENERAL COUNSEL           | P5V    | 2                     | 0         | 0    | 2     | 2      |       |
| GENERAL COUNSEL          |                              | SUBTOTAL                     |        | 18                    | 0         | 0    | 18    | 18     | 0     |
| GOVT & COMMUNITY AFFAIRS | EDUCATION & CONSUMER AFFAIRS | EDUCATION & CONSUMER AFFAIRS | POE    | 8                     | 0         | 0    | 8     | 8      |       |
| GOVT & COMMUNITY AFFAIRS | REGULATORY AFFAIRS           | REGULATORY AFFAIRS           | PNP    | 7                     | 0         | 0    | 7     | 8      | (1)   |
| GOVT & COMMUNITY AFFAIRS | VP GOVT & COMMUNITY AFFAIRS  | VP GOVT & COMMUNITY AFFAIRS  | P3V    | 7                     | 0         | 0    | 7     | 7      |       |
| GOVT & COMMUNITY AFFAIRS |                              | SUBTOTAL                     |        | 22                    | 0         | 0    | 22    | 23     | (1)   |
| POWER SUPPLY             | ENVIRONMENTAL                | ADMINISTRATION               | PJA    | 4                     | 0         | 0    | 4     | 4      |       |
| POWER SUPPLY             | ENVIRONMENTAL                | AIR QUALITY & NOISE          | PJB    | 5                     | 0         | 0    | 5     | 6      | (1)   |
| POWER SUPPLY             | ENVIRONMENTAL                | CHEMISTRY                    | PJC    | 6                     | 0         | 0    | 6     | 7      | (1)   |
| POWER SUPPLY             | ENVIRONMENTAL                | WATER & HAZARDOUS MATERIAL   | PJW    | 7                     | 0         | 0    | 7     | 7      |       |
| POWER SUPPLY             | POWER SUPPLY ENGINEERING     | ADMINISTRATION               | PYA    | 3                     | 0         | 0    | 3     | 3      |       |
| POWER SUPPLY             | POWER SUPPLY ENGINEERING     | SUPPORT STAFF                | PYC    | 2                     | 0         | 0    | 2     | 2      |       |
| POWER SUPPLY             | POWER SUPPLY ENGINEERING     | PS TECHNICAL SERVICES        | PYE    | 7                     | 0         | 0    | 7     | 9      | (2)   |
| POWER SUPPLY             | POWER SUPPLY ENGINEERING     | POWER PLANT ELECT ENGRG      | PYF    | 6                     | 0         | 0    | 6     | 12     | (6)   |
| POWER SUPPLY             | POWER SUPPLY ENGINEERING     | POWER PLANT DRAFTING         | PYG    | 2                     | 0         | 0    | 2     | 2      |       |
| POWER SUPPLY             | POWER SUPPLY ENGINEERING     | POWER PLANT PROJECT MGT      | PYJ    | 5                     | 0         | 0    | 5     | 5      |       |
| POWER SUPPLY             | POWER SUPPLY ENGINEERING     | POWER PLANT MECH ENGRG       | PYM    | 11                    | 0         | 0    | 11    | 13     | (2)   |
| POWER SUPPLY             | POWER SUPPLY OPER & MAINT    | O&M ADMINISTRATION           | PIB*** | 8                     | 0         | 0    | 8     | 10     | (2)   |
| POWER SUPPLY             | POWER SUPPLY OPER & MAINT    | TRAINING                     | PID*** | 2                     | 0         | 0    | 2     | 2      |       |
| POWER SUPPLY             | POWER SUPPLY OPER & MAINT    | HONOLULU STATION OPERATIONS  | PIH    | 26                    | 0         | 0    | 26    | 26     |       |
| POWER SUPPLY             | POWER SUPPLY OPER & MAINT    | KAHE STATION OPERATIONS      | PIK    | 55                    | 0         | 0    | 55    | 60     | (5)   |
| POWER SUPPLY             | POWER SUPPLY OPER & MAINT    | KAHE STATION MAINTENANCE     | PIL    | 26                    | 0         | 0    | 26    | 28     | (2)   |
| POWER SUPPLY             | POWER SUPPLY OPER & MAINT    | MAINTENANCE ADMINISTRATION   | PIM    | 2                     | 0         | 0    | 2     | 2      |       |
| POWER SUPPLY             | POWER SUPPLY OPER & MAINT    | HONOLULU STATION MAINTENANCE | PIN    | 9                     | 0         | 0    | 9     | 9      |       |
| POWER SUPPLY             | POWER SUPPLY OPER & MAINT    | OPERATIONS ADMINISTRATION    | PIO    | 2                     | 0         | 0    | 2     | 3      | (1)   |
| POWER SUPPLY             | POWER SUPPLY OPER & MAINT    | PLANNING AND ENGINEERING     | PIP    | 18                    | 0         | 2    | 20    | 21     | (1)   |
| POWER SUPPLY             | POWER SUPPLY OPER & MAINT    | TRAVELING MAINTENANCE        | PIT    | 67                    | 0         | 0    | 67    | 96     | (29)  |
| POWER SUPPLY             | POWER SUPPLY OPER & MAINT    | WAI'AU STATION OPERATIONS    | PIW*** | 60                    | 0         | 0    | 60    | 63     | (3)   |
| POWER SUPPLY             | POWER SUPPLY OPER & MAINT    | WAI'AU STATION MAINTENANCE   | PIX    | 27                    | 0         | 0    | 27    | 27     |       |
| POWER SUPPLY             | POWER SUPPLY SERVICES        | SERVICES ADMINISTRATION      | PIA    | 3                     | 0         | 0    | 3     | 3      |       |
| POWER SUPPLY             | POWER SUPPLY SERVICES        | POWER PURCHASE               | PIC    | 6                     | 0         | 0    | 6     | 6      |       |
| POWER SUPPLY             | POWER SUPPLY SERVICES        | FUEL RESOURCES               | PIF    | 4                     | 0         | 0    | 4     | 4      |       |
| POWER SUPPLY             | POWER SUPPLY SERVICES        | GENERATION PLANNING          | PYB    | 8                     | 0         | 1    | 9     | 9      |       |
| POWER SUPPLY             | POWER SUPPLY SERVICES        | TRANSMISSION PLANNING        | PYT    | 7                     | 0         | 0    | 7     | 8      | (1)   |
| POWER SUPPLY             | VP POWER SUPPLY              | VP POWER SUPPLY              | P7V    | 2                     | 0         | 0    | 2     | 2      |       |
| POWER SUPPLY             |                              | SUBTOTAL                     |        | 390                   | 0         | 3    | 393   | 449    | (56)  |
| PRESIDENT - HECO         | CORPORATE AUDIT & COMPLIANCE | INTERNAL AUDIT               | PNA    | 7                     | 0         | 0    | 7     | 8      | (1)   |
| PRESIDENT - HECO         | CORPORATE AUDIT & COMPLIANCE | ADMINISTRATION               | PNX    | 3                     | 0         | 0    | 3     | 4      | (1)   |
| PRESIDENT - HECO         | PRESIDENTS OFFICE            | PRESIDENTS OFFICE            | P9P    | 4                     | 0         | 0    | 4     | 5      | (1)   |
| PRESIDENT - HECO         |                              | SUBTOTAL                     |        | 14                    | 0         | 0    | 14    | 17     | (3)   |
| SPECIAL PROJECTS         | VP SPECIAL PROJECTS          | VP SPECIAL PROJECTS          | P2W    | 3                     | 0         | 0    | 3     | 3      |       |
| SPECIAL PROJECTS         |                              | SUBTOTAL                     |        | 3                     | 0         | 0    | 3     | 3      | 0     |
| SR VP ENERGY SOLUTIONS   | CUSTOMER INSTALLATION        | ADMINISTRATION               | PWA    | 11                    | 0         | 0    | 11    | 11     |       |
| SR VP ENERGY SOLUTIONS   | CUSTOMER INSTALLATION        | PLANNING & DESIGN            | PWP    | 24                    | 0         | 0    | 24    | 27     | (3)   |
| SR VP ENERGY SOLUTIONS   | CUSTOMER INSTALLATION        | ENGINEERING & METER          | PWX    | 13                    | 0         | 0    | 13    | 15     | (2)   |
| SR VP ENERGY SOLUTIONS   | ENERGY PROJECTS              | ENERGY PROJECTS              | PNG    | 8                     | 0         | 0    | 8     | 9      | (1)   |
| SR VP ENERGY SOLUTIONS   | SR VP ENERGY SOLUTIONS       | SR VP ENERGY SOLUTIONS       | P9S    | 4                     | 0         | 0    | 4     | 4      |       |
| SR VP ENERGY SOLUTIONS   | TECHNOLOGY                   | TECHNOLOGY                   | PNR    | 2                     | 0         | 1    | 3     | 3      |       |
| SR VP ENERGY SOLUTIONS   |                              | SUBTOTAL                     |        | 62                    | 0         | 1    | 63    | 69     | (6)   |
| SR VP OPERATIONS         | CUSTOMER SERVICE             | ADMINISTRATION               | PCA    | 4                     | 0         | 0    | 4     | 5      | (1)   |
| SR VP OPERATIONS         | CUSTOMER SERVICE             | CUST ACCOUNTING & BILLING    | PCB    | 6                     | 0         | 0    | 6     | 6      |       |
| SR VP OPERATIONS         | CUSTOMER SERVICE             | CREDIT                       | PCD    | 5                     | 0         | 0    | 5     | 5      |       |
| SR VP OPERATIONS         | CUSTOMER SERVICE             | CUSTOMER FIELD SERVICES      | PCF    | 4                     | 0         | 0    | 4     | 5      | (1)   |
| SR VP OPERATIONS         | CUSTOMER SERVICE             | FIELD SERVICE & COLLECTIONS  | PCG    | 26                    | 0         | 0    | 26    | 29     | (3)   |
| SR VP OPERATIONS         | CUSTOMER SERVICE             | CUSTOMER ASSISTANCE CENTER   | PCH    | 28                    | 0         | 0    | 28    | 30     | (2)   |
| SR VP OPERATIONS         | CUSTOMER SERVICE             | METER READING                | PCM    | 34                    | 0         | 0    | 34    | 34     |       |
| SR VP OPERATIONS         | CUSTOMER SERVICE             | PAYMT PROCESS & SUPPORT CTR  | PCP    | 14                    | 0         | 0    | 14    | 17     | (3)   |
| SR VP OPERATIONS         | CUSTOMER SERVICE             | CUSTOMER ACCOUNT SERVICES    | PCS    | 5                     | 0         | 0    | 5     | 5      |       |
| SR VP OPERATIONS         | SR VP OPERATIONS             | SR VP OPERATIONS             | P8V    | 3                     | 0         | 0    | 3     | 3      |       |
| SR VP OPERATIONS         |                              | SUBTOTAL                     |        | 129                   | 0         | 0    | 129   | 139    | (10)  |
| SR VP PUBLIC AFFAIRS     | GOVERNMENTAL RELATIONS       | GOVERNMENTAL RELATIONS       | PNL    | 3                     | 0         | 0    | 3     | 3      |       |
| SR VP PUBLIC AFFAIRS     | SR VP PUBLIC AFFAIRS         | SR VP PUBLIC AFFAIRS         | P9V    | 2                     | 0         | 0    | 2     | 2      |       |
| SR VP PUBLIC AFFAIRS     |                              | SUBTOTAL                     |        | 5                     | 0         | 0    | 5     | 5      | 0     |
|                          |                              | COMPANY TOTAL                |        | 1428                  | 1         | 10   | 1439  | 1567   | (128) |

\*Forecast Budget count for RA PDS includes RA's PDJ, PDK, PDL & PDU.

\*\*Updated to reflect D&O 23258: Two DSM employees previously removed from employee counts are added back

\*\*\*Forecast Budget count has been adjusted to include PSOM Reorganization.



| VICE PRESIDENT'S OFFICE | DEPARTMENT NAME               | DIVISION NAME                 | RA    | ACTUAL EMPLOYEE COUNT |           |      |       | BUDGET | DIFF |
|-------------------------|-------------------------------|-------------------------------|-------|-----------------------|-----------|------|-------|--------|------|
|                         |                               |                               |       | FULL TIME             | PART TIME | TEMP | TOTAL |        |      |
| CORPORATE EXCELLENCE    | COMPENSATION AND BENEFITS     | EMPL BENEFITS & HLTH SVCS     | PFB   | 7                     | 0         | 0    | 7     | 10     | (3)  |
| CORPORATE EXCELLENCE    | COMPENSATION AND BENEFITS     | COMPENSATION                  | PFC   | 2                     | 0         | 0    | 2     | 2      |      |
| CORPORATE EXCELLENCE    | COMPENSATION AND BENEFITS     | DISABILITY MANAGEMENT         | PPW   | 3                     | 0         | 0    | 3     | 3      |      |
| CORPORATE EXCELLENCE    | INDUSTRIAL RELATIONS          | ADMINISTRATION                | PPA   | 3                     | 0         | 0    | 3     | 3      |      |
| CORPORATE EXCELLENCE    | INDUSTRIAL RELATIONS          | LABOR REL & WAGE ADMIN        | PPI   | 6                     | 0         | 0    | 6     | 6      |      |
| CORPORATE EXCELLENCE    | SAFETY, SECURITY & FACILITIES | CORPORATE SAFETY              | PFS   | 12                    | 0         | 0    | 12    | 13     | (1)  |
| CORPORATE EXCELLENCE    | SAFETY, SECURITY & FACILITIES | ADMINISTRATION                | PHA   | 2                     | 0         | 0    | 2     | 2      |      |
| CORPORATE EXCELLENCE    | SAFETY, SECURITY & FACILITIES | FACILITIES OPERATIONS         | PHB   | 15                    | 0         | 0    | 15    | 15     |      |
| CORPORATE EXCELLENCE    | SAFETY, SECURITY & FACILITIES | FACILITIES PLANNING           | PHF   | 7                     | 0         | 0    | 7     | 8      | (1)  |
| CORPORATE EXCELLENCE    | SAFETY, SECURITY & FACILITIES | SECURITY                      | PHS   | 10                    | 0         | 0    | 10    | 10     |      |
| CORPORATE EXCELLENCE    | VP CORPORATE EXCELLENCE       | VP CORPORATE EXCELLENCE       | P6V   | 2                     | 0         | 0    | 2     | 2      |      |
| CORPORATE EXCELLENCE    | WORKFORCE STAFFING & DEVELOP  | ADMINISTRATION                | PFA   | 3                     | 0         | 0    | 3     | 4      | (1)  |
| CORPORATE EXCELLENCE    | WORKFORCE STAFFING & DEVELOP  | CLIENT SERVICES & CONSULTING  | PFD   | 9                     | 0         | 2    | 11    | 12     | (1)  |
| CORPORATE EXCELLENCE    | WORKFORCE STAFFING & DEVELOP  | ORGANIZ DEV & CONTIN IMPRVMT  | PFI   | 3                     | 0         | 0    | 3     | 4      | (1)  |
| CORPORATE EXCELLENCE    |                               | SUBTOTAL                      |       | 84                    | 0         | 2    | 86    | 94     | (8)  |
| CORPORATE RELATIONS     | CORPORATE COMMUNICATIONS      | CORPORATE COMMUNICATIONS      | PQC   | 7                     | 1         | 0    | 8     | 10     | (2)  |
| CORPORATE RELATIONS     | VP CORPORATE RELATIONS        | VP CORPORATE RELATIONS        | P1V   | 3                     | 0         | 0    | 3     | 2      | 1    |
| CORPORATE RELATIONS     |                               | SUBTOTAL                      |       | 10                    | 1         | 0    | 11    | 12     | (1)  |
| CUSTOMER SOLUTIONS      | CUSTOMER TECH APPLICATIONS    | CUSTOMER TECH APPLICATIONS    | PSR   | 8                     | 0         | 0    | 8     | 10     | (2)  |
| CUSTOMER SOLUTIONS      | ENERGY SERVICES               | ADMINISTRATION                | PSA   | 3                     | 0         | 0    | 3     | 3      |      |
| CUSTOMER SOLUTIONS      | ENERGY SERVICES               | CUSTOMER EFFICIENCY PROGRAM   | PSD** | 9                     | 0         | 0    | 9     | 11     | (2)  |
| CUSTOMER SOLUTIONS      | ENERGY SERVICES               | PRICING                       | PSP   | 4                     | 0         | 0    | 4     | 5      | (1)  |
| CUSTOMER SOLUTIONS      | FORECASTS & RESEARCH          | FORECASTS & RESEARCH          | PSM   | 9                     | 0         | 0    | 9     | 10     | (1)  |
| CUSTOMER SOLUTIONS      | INTEGRATED RESOURCE PLNG      | INTEGRATED RESOURCE PLANNING  | PYP   | 5                     | 0         | 0    | 5     | 6      | (1)  |
| CUSTOMER SOLUTIONS      | MARKETING SERVICES            | MARKETING SERVICES            | PSN   | 11                    | 0         | 0    | 11    | 12     | (1)  |
| CUSTOMER SOLUTIONS      | VP CUSTOMER SOLUTIONS         | CUSTOMER SOLUTIONS            | P1W   | 2                     | 0         | 0    | 2     | 2      |      |
| CUSTOMER SOLUTIONS      |                               | SUBTOTAL                      |       | 51                    | 0         | 0    | 51    | 59     | (8)  |
| ENERGY DELIVERY         | CONSTRUCTION & MAINTENANCE    | ADMINISTRATION                | PDA   | 5                     | 0         | 0    | 5     | 7      | (2)  |
| ENERGY DELIVERY         | CONSTRUCTION & MAINTENANCE    | CONTROL SECTION               | PDC   | 6                     | 0         | 0    | 6     | 8      | (2)  |
| ENERGY DELIVERY         | CONSTRUCTION & MAINTENANCE    | TRAINING SECTION              | PDD   | 1                     | 0         | 0    | 1     |        |      |
| ENERGY DELIVERY         | CONSTRUCTION & MAINTENANCE    | FIELD OPERATION               | PDF   | 24                    | 0         | 0    | 24    | 22     | 2    |
| ENERGY DELIVERY         | CONSTRUCTION & MAINTENANCE    | WEST OVERHEAD                 | PDJ*  | 44                    | 0         | 0    | 44    |        |      |
| ENERGY DELIVERY         | CONSTRUCTION & MAINTENANCE    | EAST OVERHEAD-KOOLAU          | PDK*  | 26                    | 0         | 0    | 26    |        |      |
| ENERGY DELIVERY         | CONSTRUCTION & MAINTENANCE    | EAST OVERHEAD-WARD            | PDL*  | 40                    | 0         | 0    | 40    |        |      |
| ENERGY DELIVERY         | CONSTRUCTION & MAINTENANCE    | UNDERGROUND                   | PDU*  | 26                    | 0         | 0    | 26    |        |      |
| ENERGY DELIVERY         | CONSTRUCTION & MAINTENANCE    | OPERATIONS                    | PDS*  | 13                    | 0         | 0    | 13    | 180    | (31) |
| ENERGY DELIVERY         | CONSTRUCTION & MAINTENANCE    | PLANNING                      | PDP   | 23                    | 0         | 0    | 23    | 14     | 9    |
| ENERGY DELIVERY         | CONSTRUCTION & MAINTENANCE    | VEGETATION MANAGEMENT         | PDV   | 1                     | 0         | 0    | 1     | 2      | (1)  |
| ENERGY DELIVERY         | ENGINEERING                   | ADMINISTRATION                | PBA   | 7                     | 0         | 0    | 7     | 7      |      |
| ENERGY DELIVERY         | ENGINEERING                   | T&D ENGINEERING               | PBE   | 22                    | 0         | 1    | 23    | 26     | (3)  |
| ENERGY DELIVERY         | ENGINEERING                   | PROJECT MANAGEMENT            | PBP   | 7                     | 0         | 0    | 7     | 7      |      |
| ENERGY DELIVERY         | ENGINEERING                   | STRUCTURAL                    | PBT   | 18                    | 0         | 0    | 18    | 18     |      |
| ENERGY DELIVERY         | ENGINEERING                   | SUBST.PROTECTION&TELECOM      | PBY   | 22                    | 0         | 1    | 23    | 22     | 1    |
| ENERGY DELIVERY         | ENGINEERING                   | T&D TECHNICAL SERVICES        | PBZ   | 7                     | 0         | 0    | 7     | 10     | (3)  |
| ENERGY DELIVERY         | SUPPORT SERVICES              | ADMINISTRATION                | PVA   | 5                     | 0         | 0    | 5     | 5      |      |
| ENERGY DELIVERY         | SUPPORT SERVICES              | FLEET                         | PVF   | 21                    | 0         | 0    | 21    | 25     | (4)  |
| ENERGY DELIVERY         | SUPPORT SERVICES              | ELECTRICAL & WELDING SERVICES | PVL   | 12                    | 0         | 0    | 12    | 14     | (2)  |
| ENERGY DELIVERY         | SUPPORT SERVICES              | MATERIALS MANAGEMENT          | PVM   | 27                    | 0         | 0    | 27    | 28     | (1)  |
| ENERGY DELIVERY         | SUPPORT SERVICES              | PURCHASING                    | PVP   | 12                    | 0         | 0    | 12    | 15     | (3)  |
| ENERGY DELIVERY         | SYSTEM OPERATION              | ADMINISTRATION                | PRA   | 6                     | 0         | 0    | 6     | 6      |      |
| ENERGY DELIVERY         | SYSTEM OPERATION              | COMMUNICATIONS                | PRC   | 8                     | 0         | 0    | 8     | 8      |      |
| ENERGY DELIVERY         | SYSTEM OPERATION              | OPERATING DISPATCH            | PRD   | 25                    | 0         | 0    | 25    | 27     | (2)  |
| ENERGY DELIVERY         | SYSTEM OPERATION              | OPERATING ENGINEERING         | PRE   | 13                    | 0         | 0    | 13    | 14     | (1)  |
| ENERGY DELIVERY         | SYSTEM OPERATION              | INSTRUMENT & CONTROL          | PRI   | 8                     | 0         | 0    | 8     | 9      | (1)  |
| ENERGY DELIVERY         | SYSTEM OPERATION              | RELAY                         | PRR   | 10                    | 0         | 0    | 10    | 10     |      |
| ENERGY DELIVERY         | SYSTEM OPERATION              | SUBSTATION                    | PRS   | 35                    | 0         | 0    | 35    | 38     | (3)  |
| ENERGY DELIVERY         | SYSTEM OPERATION              | CONSTRUCTION MANAGEMENT       | PRX   | 3                     | 0         | 0    | 3     | 3      |      |
| ENERGY DELIVERY         | VP ENERGY DELIVERY            | VP ENERGY DELIVERY            | P2V   | 2                     | 0         | 0    | 2     | 2      |      |
| ENERGY DELIVERY         |                               | SUBTOTAL                      |       | 479                   | 0         | 2    | 481   | 527    | (47) |
| FINANCE                 | FINANCIAL VICE PRESIDENT      | FINANCIAL VICE PRESIDENT      | P4V   | 4                     | 0         | 0    | 4     | 3      | 1    |
| FINANCE                 | GENERAL ACCOUNTING            | ADMINISTRATION                | PAA   | 6                     | 0         | 0    | 6     | 6      |      |
| FINANCE                 | GENERAL ACCOUNTING            | CORPORATE ACCOUNTING          | PAC   | 5                     | 0         | 0    | 5     | 5      |      |
| FINANCE                 | GENERAL ACCOUNTING            | COST ACCOUNTING               | PAD   | 10                    | 0         | 0    | 10    | 10     |      |
| FINANCE                 | GENERAL ACCOUNTING            | PROPERTY ACCOUNTING           | PAT   | 5                     | 0         | 0    | 5     | 5      |      |
| FINANCE                 | INFO TECHNOLOGY & SVCS        | ADMINISTRATION                | PEA   | 2                     | 0         | 0    | 2     | 2      |      |
| FINANCE                 | INFO TECHNOLOGY & SVCS        | CUSTOMER CARE                 | PEC   | 25                    | 0         | 0    | 25    | 25     |      |
| FINANCE                 | INFO TECHNOLOGY & SVCS        | DEVELOPMENT SERVICES          | PED   | 35                    | 0         | 0    | 35    | 38     | (3)  |
| FINANCE                 | INFO TECHNOLOGY & SVCS        | INFRASTRUCTURE & OPERATIONS   | PEI   | 22                    | 0         | 0    | 22    | 24     | (2)  |
| FINANCE                 | INFO TECHNOLOGY & SVCS        | MAILING SERVICES              | PEM   | 8                     | 0         | 0    | 8     | 9      | (1)  |
| FINANCE                 | MANAGEMENT ACCTG & FIN SVCS   | ADMINISTRATION                | PKB   | 4                     | 0         | 0    | 4     | 4      |      |
| FINANCE                 | MANAGEMENT ACCTG & FIN SVCS   | BUDGETS                       | PKC   | 7                     | 0         | 0    | 7     | 7      |      |
| FINANCE                 | MANAGEMENT ACCTG & FIN SVCS   | FINANCIAL ANALYSIS            | PKF   | 3                     | 0         | 0    | 3     | 3      |      |
| FINANCE                 | MANAGEMENT ACCTG & FIN SVCS   | ERP ADMINISTRATION            | PKM   | 3                     | 0         | 0    | 3     | 3      |      |
| FINANCE                 | MANAGEMENT ACCTG & FIN SVCS   | TREASURY                      | PKT   | 5                     | 0         | 0    | 5     | 5      |      |
| FINANCE                 | RISK MANAGEMENT               | RISK MANAGEMENT               | PKI   | 9                     | 0         | 0    | 9     | 9      |      |
| FINANCE                 |                               | SUBTOTAL                      |       | 153                   | 0         | 0    | 153   | 158    | (5)  |
| GENERAL COUNSEL         | LEGAL                         | LEGAL                         | PNC   | 11                    | 0         | 0    | 11    | 11     |      |
| GENERAL COUNSEL         | LEGAL                         | LAND & RIGHTS OF WAY          | PNL   | 4                     | 0         | 0    | 4     | 5      | (1)  |
| GENERAL COUNSEL         | VP GENERAL COUNSEL            | VP-GENERAL COUNSEL            | P5V   | 2                     | 0         | 0    | 2     | 2      |      |



| VICE PRESIDENT'S OFFICE  | DEPARTMENT NAME              | DIVISION NAME                | RA     | ACTUAL EMPLOYEE COUNT |           |      |       | BUDGET | DIFF  |
|--------------------------|------------------------------|------------------------------|--------|-----------------------|-----------|------|-------|--------|-------|
|                          |                              |                              |        | FULL TIME             | PART TIME | TEMP | TOTAL |        |       |
| GENERAL COUNSEL          |                              | SUBTOTAL                     |        | 17                    | 0         | 0    | 17    | 18     | (1)   |
| GOVT & COMMUNITY AFFAIRS | EDUCATION & CONSUMER AFFAIRS | EDUCATION & CONSUMER AFFAIRS | PQE    | 8                     | 0         | 0    | 8     | 8      |       |
| GOVT & COMMUNITY AFFAIRS | REGULATORY AFFAIRS           | REGULATORY AFFAIRS           | PNP    | 7                     | 0         | 0    | 7     | 8      |       |
| GOVT & COMMUNITY AFFAIRS | VP GOVT & COMMUNITY AFFAIRS  | VP GOVT & COMMUNITY AFFAIRS  | P3V    | 7                     | 0         | 0    | 7     | 7      |       |
| GOVT & COMMUNITY AFFAIRS |                              | SUBTOTAL                     |        | 22                    | 0         | 0    | 22    | 23     | 0     |
| POWER SUPPLY             | ENVIRONMENTAL                | ADMINISTRATION               | PJA    | 4                     | 0         | 0    | 4     | 4      |       |
| POWER SUPPLY             | ENVIRONMENTAL                | AIR QUALITY & NOISE          | PJB    | 5                     | 0         | 0    | 5     | 6      | (1)   |
| POWER SUPPLY             | ENVIRONMENTAL                | CHEMISTRY                    | PJC    | 6                     | 0         | 0    | 6     | 7      | (1)   |
| POWER SUPPLY             | ENVIRONMENTAL                | WATER & HAZARDOUS MATERIAL   | PJW    | 7                     | 0         | 0    | 7     | 7      |       |
| POWER SUPPLY             | POWER SUPPLY ENGINEERING     | ADMINISTRATION               | PYA    | 3                     | 0         | 0    | 3     | 3      |       |
| POWER SUPPLY             | POWER SUPPLY ENGINEERING     | SUPPORT STAFF                | PYC    | 2                     | 0         | 0    | 2     | 2      |       |
| POWER SUPPLY             | POWER SUPPLY ENGINEERING     | PS TECHNICAL SERVICES        | PYE    | 8                     | 0         | 0    | 8     | 9      | (1)   |
| POWER SUPPLY             | POWER SUPPLY ENGINEERING     | POWER PLANT ELECT ENGRG      | PYF    | 7                     | 0         | 0    | 7     | 12     | (5)   |
| POWER SUPPLY             | POWER SUPPLY ENGINEERING     | POWER PLANT DRAFTING         | PYG    | 2                     | 0         | 0    | 2     | 2      |       |
| POWER SUPPLY             | POWER SUPPLY ENGINEERING     | POWER PLANT PROJECT MGT      | PYJ    | 4                     | 0         | 0    | 4     | 5      | (1)   |
| POWER SUPPLY             | POWER SUPPLY ENGINEERING     | POWER PLANT MECH ENGRG       | PYM    | 11                    | 0         | 0    | 11    | 13     | (2)   |
| POWER SUPPLY             | POWER SUPPLY OPER & MAINT    | O&M ADMINISTRATION           | PIB*** | 8                     | 0         | 0    | 8     | 10     | (2)   |
| POWER SUPPLY             | POWER SUPPLY OPER & MAINT    | TRAINING                     | PID*** | 2                     | 0         | 0    | 2     | 2      |       |
| POWER SUPPLY             | POWER SUPPLY OPER & MAINT    | HONOLULU STATION OPERATIONS  | PIH    | 26                    | 0         | 0    | 26    | 26     |       |
| POWER SUPPLY             | POWER SUPPLY OPER & MAINT    | KAHE STATION OPERATIONS      | PIK    | 56                    | 0         | 0    | 56    | 60     | (4)   |
| POWER SUPPLY             | POWER SUPPLY OPER & MAINT    | KAHE STATION MAINTENANCE     | PIL    | 27                    | 0         | 0    | 27    | 28     | (1)   |
| POWER SUPPLY             | POWER SUPPLY OPER & MAINT    | MAINTENANCE ADMINISTRATION   | PIM    | 2                     | 0         | 0    | 2     | 2      |       |
| POWER SUPPLY             | POWER SUPPLY OPER & MAINT    | HONOLULU STATION MAINTENANCE | PIN    | 9                     | 0         | 0    | 9     | 9      |       |
| POWER SUPPLY             | POWER SUPPLY OPER & MAINT    | OPERATIONS ADMINISTRATION    | PIO    | 2                     | 0         | 0    | 2     | 3      | (1)   |
| POWER SUPPLY             | POWER SUPPLY OPER & MAINT    | PLANNING AND ENGINEERING     | PIP    | 18                    | 0         | 0    | 18    | 21     | (3)   |
| POWER SUPPLY             | POWER SUPPLY OPER & MAINT    | TRAVELING MAINTENANCE        | PIT    | 70                    | 0         | 0    | 70    | 96     | (26)  |
| POWER SUPPLY             | POWER SUPPLY OPER & MAINT    | WAI'IAU STATION OPERATIONS   | PIW*** | 60                    | 0         | 0    | 60    | 63     | (3)   |
| POWER SUPPLY             | POWER SUPPLY OPER & MAINT    | WAI'IAU STATION MAINTENANCE  | PIX    | 26                    | 0         | 0    | 26    | 27     | (1)   |
| POWER SUPPLY             | POWER SUPPLY SERVICES        | SERVICES ADMINISTRATION      | PIA    | 3                     | 0         | 0    | 3     | 3      |       |
| POWER SUPPLY             | POWER SUPPLY SERVICES        | POWER PURCHASE               | PIC    | 6                     | 0         | 0    | 6     | 6      |       |
| POWER SUPPLY             | POWER SUPPLY SERVICES        | FUEL RESOURCES               | PIF    | 4                     | 0         | 0    | 4     | 4      |       |
| POWER SUPPLY             | POWER SUPPLY SERVICES        | GENERATION PLANNING          | PYB    | 9                     | 0         | 0    | 9     | 9      |       |
| POWER SUPPLY             | POWER SUPPLY SERVICES        | TRANSMISSION PLANNING        | PYT    | 7                     | 0         | 0    | 7     | 8      | (1)   |
| POWER SUPPLY             | VP POWER SUPPLY              | VP POWER SUPPLY              | P7V    | 2                     | 0         | 0    | 2     | 2      |       |
| POWER SUPPLY             |                              | SUBTOTAL                     |        | 396                   | 0         | 0    | 396   | 449    | (53)  |
| PRESIDENT - HECO         | CORPORATE AUDIT & COMPLIANCE | INTERNAL AUDIT               | PNA    | 8                     | 0         | 0    | 8     | 8      |       |
| PRESIDENT - HECO         | CORPORATE AUDIT & COMPLIANCE | ADMINISTRATION               | PNX    | 3                     | 0         | 0    | 3     | 4      | (1)   |
| PRESIDENT - HECO         | PRESIDENTS OFFICE            | PRESIDENTS OFFICE            | P9P    | 2                     | 0         | 0    | 2     | 5      | (3)   |
| PRESIDENT - HECO         |                              | SUBTOTAL                     |        | 13                    | 0         | 0    | 13    | 17     | (4)   |
| SPECIAL PROJECTS         | VP SPECIAL PROJECTS          | VP SPECIAL PROJECTS          | P2W    | 3                     | 0         | 0    | 3     | 3      |       |
| SPECIAL PROJECTS         |                              | SUBTOTAL                     |        | 3                     | 0         | 0    | 3     | 3      | 0     |
| SR VP ENERGY SOLUTIONS   | CUSTOMER INSTALLATION        | ADMINISTRATION               | PWA    | 11                    | 0         | 0    | 11    | 11     |       |
| SR VP ENERGY SOLUTIONS   | CUSTOMER INSTALLATION        | PLANNING & DESIGN            | PWP    | 23                    | 0         | 0    | 23    | 27     | (4)   |
| SR VP ENERGY SOLUTIONS   | CUSTOMER INSTALLATION        | ENGINEERING & METER          | PWX    | 12                    | 0         | 0    | 12    | 15     | (3)   |
| SR VP ENERGY SOLUTIONS   | ENERGY PROJECTS              | ENERGY PROJECTS              | PNG    | 8                     | 0         | 0    | 8     | 9      | (1)   |
| SR VP ENERGY SOLUTIONS   | SR VP ENERGY SOLUTIONS       | SR VP ENERGY SOLUTIONS       | P9S    | 4                     | 0         | 0    | 4     | 4      |       |
| SR VP ENERGY SOLUTIONS   | TECHNOLOGY                   | TECHNOLOGY                   | PNR    | 2                     | 0         | 1    | 3     | 3      |       |
| SR VP ENERGY SOLUTIONS   |                              | SUBTOTAL                     |        | 60                    | 0         | 1    | 61    | 69     | (8)   |
| SR VP OPERATIONS         | CUSTOMER SERVICE             | ADMINISTRATION               | PCA    | 4                     | 0         | 0    | 4     | 5      | (1)   |
| SR VP OPERATIONS         | CUSTOMER SERVICE             | CUST ACCOUNTING & BILLING    | PCB    | 6                     | 0         | 0    | 6     | 6      |       |
| SR VP OPERATIONS         | CUSTOMER SERVICE             | CREDIT                       | PCD    | 5                     | 0         | 0    | 5     | 5      |       |
| SR VP OPERATIONS         | CUSTOMER SERVICE             | CUSTOMER FIELD SERVICES      | PCF    | 4                     | 0         | 0    | 4     | 5      | (1)   |
| SR VP OPERATIONS         | CUSTOMER SERVICE             | FIELD SERVICE & COLLECTIONS  | PCG    | 26                    | 0         | 0    | 26    | 27     | (1)   |
| SR VP OPERATIONS         | CUSTOMER SERVICE             | CUSTOMER ASSISTANCE CENTER   | PCH    | 28                    | 0         | 0    | 28    | 30     | (2)   |
| SR VP OPERATIONS         | CUSTOMER SERVICE             | METER READING                | PCM    | 33                    | 0         | 0    | 33    | 34     | (1)   |
| SR VP OPERATIONS         | CUSTOMER SERVICE             | PAYMT PROCESS & SUPPORT CTR  | PCP    | 14                    | 0         | 0    | 14    | 17     | (3)   |
| SR VP OPERATIONS         | CUSTOMER SERVICE             | CUSTOMER ACCOUNT SERVICES    | PCS    | 5                     | 0         | 0    | 5     | 5      |       |
| SR VP OPERATIONS         | SR VP OPERATIONS             | SR VP OPERATIONS             | P8V    | 3                     | 0         | 0    | 3     | 3      |       |
| SR VP OPERATIONS         |                              | SUBTOTAL                     |        | 128                   | 0         | 0    | 128   | 137    | (9)   |
| SR VP PUBLIC AFFAIRS     | GOVERNMENTAL RELATIONS       | GOVERNMENTAL RELATIONS       | PNI    | 3                     | 0         | 0    | 3     | 3      |       |
| SR VP PUBLIC AFFAIRS     | SR VP PUBLIC AFFAIRS         | SR VP PUBLIC AFFAIRS         | P9V    | 3                     | 0         | 0    | 3     | 2      | 1     |
| SR VP PUBLIC AFFAIRS     |                              | SUBTOTAL                     |        | 6                     | 0         | 0    | 6     | 5      | 1     |
|                          |                              | COMPANY TOTAL                |        | 1422                  | 1         | 5    | 1428  | 1571   | (143) |

\*Forecast Budget count for RA PDS includes RA's PDJ, PDK, PDL & PDU.

\*\*Updated to reflect D&O 23258: Two DSM employees previously removed from employee counts are added back

\*\*\*Forecast Budget count has been adjusted to include PSOM Reorganization.



| VICE PRESIDENT'S OFFICE  | DEPARTMENT NAME               | DIVISION NAME                 | RA    | ACTUAL EMPLOYEE COUNT |           |      |       | BUDGET | DIFF |
|--------------------------|-------------------------------|-------------------------------|-------|-----------------------|-----------|------|-------|--------|------|
|                          |                               |                               |       | FULL TIME             | PART TIME | TEMP | TOTAL |        |      |
| CORPORATE EXCELLENCE     | COMPENSATION AND BENEFITS     | EMPL BENEFITS & HLTH SVCS     | PFB   | 8                     | 0         | 0    | 8     | 10     | (2)  |
| CORPORATE EXCELLENCE     | COMPENSATION AND BENEFITS     | COMPENSATION                  | PFC   | 2                     | 0         | 0    | 2     | 2      |      |
| CORPORATE EXCELLENCE     | COMPENSATION AND BENEFITS     | DISABILITY MANAGEMENT         | PPW   | 3                     | 0         | 0    | 3     | 3      |      |
| CORPORATE EXCELLENCE     | INDUSTRIAL RELATIONS          | ADMINISTRATION                | PPA   | 3                     | 0         | 0    | 3     | 3      |      |
| CORPORATE EXCELLENCE     | INDUSTRIAL RELATIONS          | LABOR REL & WAGE ADMIN        | PPI   | 6                     | 0         | 0    | 6     | 6      |      |
| CORPORATE EXCELLENCE     | SAFETY, SECURITY & FACILITIES | CORPORATE SAFETY              | PFS   | 12                    | 0         | 0    | 12    | 13     | (1)  |
| CORPORATE EXCELLENCE     | SAFETY, SECURITY & FACILITIES | ADMINISTRATION                | PHA   | 2                     | 0         | 0    | 2     | 2      |      |
| CORPORATE EXCELLENCE     | SAFETY, SECURITY & FACILITIES | FACILITIES OPERATIONS         | PHB   | 14                    | 0         | 0    | 14    | 15     | (1)  |
| CORPORATE EXCELLENCE     | SAFETY, SECURITY & FACILITIES | FACILITIES PLANNING           | PHF   | 7                     | 0         | 0    | 7     | 8      | (1)  |
| CORPORATE EXCELLENCE     | SAFETY, SECURITY & FACILITIES | SECURITY                      | PHS   | 7                     | 0         | 0    | 7     | 10     | (3)  |
| CORPORATE EXCELLENCE     | VP CORPORATE EXCELLENCE       | VP CORPORATE EXCELLENCE       | P6V   | 2                     | 0         | 0    | 2     | 2      |      |
| CORPORATE EXCELLENCE     | WORKFORCE STAFFING & DEVELOP  | ADMINISTRATION                | PFA   | 3                     | 0         | 0    | 3     | 4      | (1)  |
| CORPORATE EXCELLENCE     | WORKFORCE STAFFING & DEVELOP  | CLIENT SERVICES & CONSULTING  | PFJ   | 9                     | 0         | 1    | 10    | 12     | (2)  |
| CORPORATE EXCELLENCE     | WORKFORCE STAFFING & DEVELOP  | ORGANIZ DEV & CONTIN IMPRVMT  | PFI   | 3                     | 0         | 0    | 3     | 4      | (1)  |
| CORPORATE EXCELLENCE     |                               | SUBTOTAL                      |       | 81                    | 0         | 1    | 82    | 94     | (12) |
| CORPORATE RELATIONS      | CORPORATE COMMUNICATIONS      | CORPORATE COMMUNICATIONS      | PQC   | 7                     | 1         | 0    | 8     | 10     | (2)  |
| CORPORATE RELATIONS      | VP CORPORATE RELATIONS        | VP CORPORATE RELATIONS        | P1V   | 3                     | 0         | 0    | 3     | 2      | 1    |
| CORPORATE RELATIONS      |                               | SUBTOTAL                      |       | 10                    | 1         | 0    | 11    | 12     | (1)  |
| CUSTOMER SOLUTIONS       | CUSTOMER TECH APPLICATIONS    | CUSTOMER TECH APPLICATIONS    | PSR   | 8                     | 0         | 0    | 8     | 10     | (2)  |
| CUSTOMER SOLUTIONS       | ENERGY SERVICES               | ADMINISTRATION                | PSA   | 3                     | 0         | 0    | 3     | 3      |      |
| CUSTOMER SOLUTIONS       | ENERGY SERVICES               | CUSTOMER EFFICIENCY PROGRAM   | PSD** | 10                    | 0         | 0    | 10    | 11     | (1)  |
| CUSTOMER SOLUTIONS       | ENERGY SERVICES               | PRICING                       | PSP   | 4                     | 0         | 0    | 4     | 5      | (1)  |
| CUSTOMER SOLUTIONS       | FORECASTS & RESEARCH          | FORECASTS & RESEARCH          | PSM   | 9                     | 0         | 0    | 9     | 10     | (1)  |
| CUSTOMER SOLUTIONS       | INTEGRATED RESOURCE PLNG      | INTEGRATED RESOURCE PLANNING  | PYP   | 6                     | 0         | 0    | 6     | 6      |      |
| CUSTOMER SOLUTIONS       | MARKETING SERVICES            | MARKETING SERVICES            | PSN   | 11                    | 0         | 0    | 11    | 12     | (1)  |
| CUSTOMER SOLUTIONS       | VP CUSTOMER SOLUTIONS         | CUSTOMER SOLUTIONS            | P1W   | 2                     | 0         | 0    | 2     | 2      |      |
| CUSTOMER SOLUTIONS       |                               | SUBTOTAL                      |       | 53                    | 0         | 0    | 53    | 59     | (6)  |
| ENERGY DELIVERY          | CONSTRUCTION & MAINTENANCE    | ADMINISTRATION                | PDA   | 5                     | 0         | 0    | 5     | 7      | (2)  |
| ENERGY DELIVERY          | CONSTRUCTION & MAINTENANCE    | CONTROL SECTION               | PDC   | 5                     | 0         | 0    | 5     | 8      | (3)  |
| ENERGY DELIVERY          | CONSTRUCTION & MAINTENANCE    | TRAINING SECTION              | PDD   | 15                    | 0         | 0    | 15    |        | 15   |
| ENERGY DELIVERY          | CONSTRUCTION & MAINTENANCE    | FIELD OPERATION               | PDF   | 24                    | 0         | 0    | 24    | 22     | 2    |
| ENERGY DELIVERY          | CONSTRUCTION & MAINTENANCE    | WEST OVERHEAD                 | PDJ*  | 42                    | 0         | 0    | 42    |        |      |
| ENERGY DELIVERY          | CONSTRUCTION & MAINTENANCE    | EAST OVERHEAD-KOOLAU          | PDK*  | 26                    | 0         | 0    | 26    |        |      |
| ENERGY DELIVERY          | CONSTRUCTION & MAINTENANCE    | EAST OVERHEAD-WARD            | PDL*  | 39                    | 0         | 0    | 39    |        |      |
| ENERGY DELIVERY          | CONSTRUCTION & MAINTENANCE    | UNDERGROUND                   | PDU*  | 26                    | 0         | 0    | 26    |        |      |
| ENERGY DELIVERY          | CONSTRUCTION & MAINTENANCE    | OPERATIONS                    | PDS*  | 13                    | 0         | 0    | 13    | 180    | (34) |
| ENERGY DELIVERY          | CONSTRUCTION & MAINTENANCE    | PLANNING                      | PDP   | 23                    | 0         | 0    | 23    | 14     | 9    |
| ENERGY DELIVERY          | CONSTRUCTION & MAINTENANCE    | VEGETATION MANAGEMENT         | PDV   | 2                     | 0         | 0    | 2     | 2      |      |
| ENERGY DELIVERY          | ENGINEERING                   | ADMINISTRATION                | PBA   | 7                     | 0         | 0    | 7     | 7      |      |
| ENERGY DELIVERY          | ENGINEERING                   | T&D ENGINEERING               | PBE   | 22                    | 0         | 1    | 23    | 26     | (3)  |
| ENERGY DELIVERY          | ENGINEERING                   | PROJECT MANAGEMENT            | PBP   | 7                     | 0         | 0    | 7     | 7      |      |
| ENERGY DELIVERY          | ENGINEERING                   | STRUCTURAL                    | PBT   | 18                    | 0         | 0    | 18    | 18     |      |
| ENERGY DELIVERY          | ENGINEERING                   | SUBST, PROTECTION & TELECOM   | PBY   | 21                    | 0         | 1    | 22    | 22     |      |
| ENERGY DELIVERY          | ENGINEERING                   | T&D TECHNICAL SERVICES        | PBZ   | 7                     | 0         | 0    | 7     | 10     | (3)  |
| ENERGY DELIVERY          | SUPPORT SERVICES              | ADMINISTRATION                | PVA   | 5                     | 0         | 0    | 5     | 5      |      |
| ENERGY DELIVERY          | SUPPORT SERVICES              | FLEET                         | PVF   | 22                    | 0         | 0    | 22    | 25     | (3)  |
| ENERGY DELIVERY          | SUPPORT SERVICES              | ELECTRICAL & WELDING SERVICES | PVL   | 12                    | 0         | 0    | 12    | 14     | (2)  |
| ENERGY DELIVERY          | SUPPORT SERVICES              | MATERIALS MANAGEMENT          | PVM   | 27                    | 0         | 0    | 27    | 28     | (1)  |
| ENERGY DELIVERY          | SUPPORT SERVICES              | PURCHASING                    | PVP   | 14                    | 0         | 0    | 14    | 15     | (1)  |
| ENERGY DELIVERY          | SYSTEM OPERATION              | ADMINISTRATION                | PRA   | 6                     | 0         | 0    | 6     | 6      |      |
| ENERGY DELIVERY          | SYSTEM OPERATION              | COMMUNICATIONS                | PRC   | 8                     | 0         | 0    | 8     | 8      |      |
| ENERGY DELIVERY          | SYSTEM OPERATION              | OPERATING DISPATCH            | PRD   | 22                    | 0         | 0    | 22    | 27     | (5)  |
| ENERGY DELIVERY          | SYSTEM OPERATION              | OPERATING ENGINEERING         | PRE   | 10                    | 0         | 0    | 10    | 14     | (4)  |
| ENERGY DELIVERY          | SYSTEM OPERATION              | INSTRUMENT & CONTROL          | PRI   | 9                     | 0         | 0    | 9     | 9      |      |
| ENERGY DELIVERY          | SYSTEM OPERATION              | RELAY                         | PRR   | 10                    | 0         | 0    | 10    | 10     |      |
| ENERGY DELIVERY          | SYSTEM OPERATION              | SUBSTATION                    | PRS   | 37                    | 0         | 0    | 37    | 39     | (2)  |
| ENERGY DELIVERY          | SYSTEM OPERATION              | CONSTRUCTION MANAGEMENT       | PRX   | 3                     | 0         | 0    | 3     | 3      |      |
| ENERGY DELIVERY          | VP ENERGY DELIVERY            | VP ENERGY DELIVERY            | P2V   | 2                     | 0         | 0    | 2     | 2      |      |
| ENERGY DELIVERY          |                               | SUBTOTAL                      |       | 489                   | 0         | 2    | 491   | 528    | (37) |
| FINANCE                  | FINANCIAL VICE PRESIDENT      | FINANCIAL VICE PRESIDENT      | P4V   | 4                     | 0         | 0    | 4     | 3      | 1    |
| FINANCE                  | GENERAL ACCOUNTING            | ADMINISTRATION                | PAA   | 6                     | 0         | 0    | 6     | 6      |      |
| FINANCE                  | GENERAL ACCOUNTING            | CORPORATE ACCOUNTING          | PAC   | 5                     | 0         | 0    | 5     | 5      |      |
| FINANCE                  | GENERAL ACCOUNTING            | COST ACCOUNTING               | PAD   | 10                    | 0         | 0    | 10    | 10     |      |
| FINANCE                  | GENERAL ACCOUNTING            | PROPERTY ACCOUNTING           | PAT   | 5                     | 0         | 0    | 5     | 5      |      |
| FINANCE                  | INFO TECHNOLOGY & SVCS        | ADMINISTRATION                | PEA   | 2                     | 0         | 0    | 2     | 2      |      |
| FINANCE                  | INFO TECHNOLOGY & SVCS        | CUSTOMER CARE                 | PEC   | 25                    | 0         | 0    | 25    | 25     |      |
| FINANCE                  | INFO TECHNOLOGY & SVCS        | DEVELOPMENT SERVICES          | PED   | 36                    | 0         | 0    | 36    | 38     | (2)  |
| FINANCE                  | INFO TECHNOLOGY & SVCS        | INFRASTRUCTURE & OPERATIONS   | PEI   | 22                    | 0         | 0    | 22    | 24     | (2)  |
| FINANCE                  | INFO TECHNOLOGY & SVCS        | MAILING SERVICES              | PEM   | 10                    | 0         | 0    | 10    | 9      | 1    |
| FINANCE                  | MANAGEMENT ACCTG & FIN SVCS   | ADMINISTRATION                | PKB   | 4                     | 0         | 0    | 4     | 4      |      |
| FINANCE                  | MANAGEMENT ACCTG & FIN SVCS   | BUDGETS                       | PKC   | 7                     | 0         | 0    | 7     | 7      |      |
| FINANCE                  | MANAGEMENT ACCTG & FIN SVCS   | FINANCIAL ANALYSIS            | PKF   | 3                     | 0         | 0    | 3     | 3      |      |
| FINANCE                  | MANAGEMENT ACCTG & FIN SVCS   | ERP ADMINISTRATION            | PKM   | 3                     | 0         | 0    | 3     | 3      |      |
| FINANCE                  | MANAGEMENT ACCTG & FIN SVCS   | TREASURY                      | PKT   | 5                     | 0         | 0    | 5     | 5      |      |
| FINANCE                  | RISK MANAGEMENT               | RISK MANAGEMENT               | PKI   | 9                     | 0         | 0    | 9     | 9      |      |
| FINANCE                  |                               | SUBTOTAL                      |       | 156                   | 0         | 0    | 156   | 158    | (2)  |
| GENERAL COUNSEL          | LEGAL                         | LEGAL                         | PNC   | 11                    | 0         | 0    | 11    | 11     |      |
| GENERAL COUNSEL          | LEGAL                         | LAND & RIGHTS OF WAY          | PNL   | 5                     | 0         | 0    | 5     | 5      |      |
| GENERAL COUNSEL          | VP GENERAL COUNSEL            | VP-GENERAL COUNSEL            | P5V   | 2                     | 0         | 0    | 2     | 2      |      |
| GENERAL COUNSEL          |                               | SUBTOTAL                      |       | 18                    | 0         | 0    | 18    | 18     | 0    |
| GOVT & COMMUNITY AFFAIRS | EDUCATION & CONSUMER AFFAIRS  | EDUCATION & CONSUMER AFFAIRS  | PQE   | 8                     | 0         | 0    | 8     | 8      |      |
| GOVT & COMMUNITY AFFAIRS | REGULATORY AFFAIRS            | REGULATORY AFFAIRS            | PNP   | 7                     | 0         | 0    | 7     | 8      | (1)  |
| GOVT & COMMUNITY AFFAIRS | VP GOVT & COMMUNITY AFFAIRS   | VP GOVT & COMMUNITY AFFAIRS   | P3V   | 7                     | 0         | 0    | 7     | 7      |      |
| GOVT & COMMUNITY AFFAIRS |                               | SUBTOTAL                      |       | 22                    | 0         | 0    | 22    | 23     | (1)  |
| POWER SUPPLY             | ENVIRONMENTAL                 | ADMINISTRATION                | PJA   | 4                     | 0         | 0    | 4     | 4      |      |



| VICE PRESIDENT'S OFFICE | DEPARTMENT NAME              | DIVISION NAME                | RA     | ACTUAL EMPLOYEE COUNT |           |      |       | BUDGET | DIFF  |
|-------------------------|------------------------------|------------------------------|--------|-----------------------|-----------|------|-------|--------|-------|
|                         |                              |                              |        | FULL TIME             | PART TIME | TEMP | TOTAL |        |       |
| POWER SUPPLY            | ENVIRONMENTAL                | AIR QUALITY & NOISE          | PJB    | 5                     | 0         | 0    | 5     | 6      | (1)   |
| POWER SUPPLY            | ENVIRONMENTAL                | CHEMISTRY                    | PJC    | 6                     | 0         | 0    | 6     | 7      | (1)   |
| POWER SUPPLY            | ENVIRONMENTAL                | WATER & HAZARDOUS MATERIAL   | PJW    | 7                     | 0         | 0    | 7     | 7      |       |
| POWER SUPPLY            | POWER SUPPLY ENGINEERING     | ADMINISTRATION               | PYA    | 3                     | 0         | 0    | 3     | 3      |       |
| POWER SUPPLY            | POWER SUPPLY ENGINEERING     | SUPPORT STAFF                | PYC    | 2                     | 0         | 0    | 2     | 2      |       |
| POWER SUPPLY            | POWER SUPPLY ENGINEERING     | PS TECHNICAL SERVICES        | PYE    | 7                     | 0         | 0    | 7     | 9      | (2)   |
| POWER SUPPLY            | POWER SUPPLY ENGINEERING     | POWER PLANT ELECT ENGRG      | PYF    | 10                    | 0         | 0    | 10    | 12     | (2)   |
| POWER SUPPLY            | POWER SUPPLY ENGINEERING     | POWER PLANT DRAFTING         | PYG    | 2                     | 0         | 0    | 2     | 2      |       |
| POWER SUPPLY            | POWER SUPPLY ENGINEERING     | POWER PLANT PROJECT MGT      | PYJ    | 4                     | 0         | 0    | 4     | 5      | (1)   |
| POWER SUPPLY            | POWER SUPPLY ENGINEERING     | POWER PLANT MECH ENGRG       | PYM    | 12                    | 0         | 0    | 12    | 13     | (1)   |
| POWER SUPPLY            | POWER SUPPLY OPER & MAINT    | O&M ADMINISTRATION           | PIB*** | 8                     | 0         | 0    | 8     | 10     | (2)   |
| POWER SUPPLY            | POWER SUPPLY OPER & MAINT    | TRAINING                     | PID*** | 2                     | 0         | 0    | 2     | 2      |       |
| POWER SUPPLY            | POWER SUPPLY OPER & MAINT    | HONOLULU STATION OPERATIONS  | PIH    | 24                    | 0         | 0    | 24    | 26     | (2)   |
| POWER SUPPLY            | POWER SUPPLY OPER & MAINT    | KAHE STATION OPERATIONS      | PIK    | 59                    | 0         | 0    | 59    | 60     | (1)   |
| POWER SUPPLY            | POWER SUPPLY OPER & MAINT    | KAHE STATION MAINTENANCE     | PIL    | 28                    | 0         | 0    | 28    | 28     |       |
| POWER SUPPLY            | POWER SUPPLY OPER & MAINT    | MAINTENANCE ADMINISTRATION   | PIM    | 2                     | 0         | 0    | 2     | 2      |       |
| POWER SUPPLY            | POWER SUPPLY OPER & MAINT    | HONOLULU STATION MAINTENANCE | PIN    | 9                     | 0         | 0    | 9     | 9      |       |
| POWER SUPPLY            | POWER SUPPLY OPER & MAINT    | OPERATIONS ADMINISTRATION    | PIO    | 2                     | 0         | 0    | 2     | 3      | (1)   |
| POWER SUPPLY            | POWER SUPPLY OPER & MAINT    | PLANNING AND ENGINEERING     | PIP    | 20                    | 0         | 0    | 20    | 21     | (1)   |
| POWER SUPPLY            | POWER SUPPLY OPER & MAINT    | TRAVELING MAINTENANCE        | PIT    | 70                    | 0         | 0    | 70    | 96     | (26)  |
| POWER SUPPLY            | POWER SUPPLY OPER & MAINT    | WAI'AU STATION OPERATIONS    | PIW*** | 61                    | 0         | 0    | 61    | 63     | (2)   |
| POWER SUPPLY            | POWER SUPPLY OPER & MAINT    | WAI'AU STATION MAINTENANCE   | PIX    | 29                    | 0         | 0    | 29    | 27     | 2     |
| POWER SUPPLY            | POWER SUPPLY SERVICES        | SERVICES ADMINISTRATION      | PIA    | 3                     | 0         | 0    | 3     | 3      |       |
| POWER SUPPLY            | POWER SUPPLY SERVICES        | POWER PURCHASE               | PIC    | 6                     | 0         | 0    | 6     | 6      |       |
| POWER SUPPLY            | POWER SUPPLY SERVICES        | FUEL RESOURCES               | PIF    | 3                     | 0         | 0    | 3     | 4      | (1)   |
| POWER SUPPLY            | POWER SUPPLY SERVICES        | GENERATION PLANNING          | PYB    | 9                     | 0         | 0    | 9     | 9      |       |
| POWER SUPPLY            | POWER SUPPLY SERVICES        | TRANSMISSION PLANNING        | PYT    | 7                     | 0         | 0    | 7     | 8      | (1)   |
| POWER SUPPLY            | VP POWER SUPPLY              | VP POWER SUPPLY              | P7V    | 2                     | 0         | 0    | 2     | 2      |       |
| POWER SUPPLY            |                              | SUBTOTAL                     |        | 406                   | 0         | 0    | 406   | 449    | (43)  |
| PRESIDENT - HECO        | CORPORATE AUDIT & COMPLIANCE | INTERNAL AUDIT               | PNA    | 7                     | 0         | 0    | 7     | 8      | (1)   |
| PRESIDENT - HECO        | CORPORATE AUDIT & COMPLIANCE | ADMINISTRATION               | PNX    | 3                     | 0         | 0    | 3     | 4      | (1)   |
| PRESIDENT - HECO        | PRESIDENTS OFFICE            | PRESIDENTS OFFICE            | P9P    | 2                     | 0         | 0    | 2     | 5      | (3)   |
| PRESIDENT - HECO        |                              | SUBTOTAL                     |        | 12                    | 0         | 0    | 12    | 17     | (5)   |
| SPECIAL PROJECTS        | VP SPECIAL PROJECTS          | VP SPECIAL PROJECTS          | P2W    | 3                     | 0         | 0    | 3     | 3      |       |
| SPECIAL PROJECTS        |                              | SUBTOTAL                     |        | 3                     | 0         | 0    | 3     | 3      | 0     |
| SR VP ENERGY SOLUTIONS  | CUSTOMER INSTALLATION        | ADMINISTRATION               | PWA    | 11                    | 0         | 0    | 11    | 11     |       |
| SR VP ENERGY SOLUTIONS  | CUSTOMER INSTALLATION        | PLANNING & DESIGN            | PWP    | 21                    | 0         | 0    | 21    | 27     | (6)   |
| SR VP ENERGY SOLUTIONS  | CUSTOMER INSTALLATION        | ENGINEERING & METER          | PWX    | 12                    | 0         | 0    | 12    | 15     | (3)   |
| SR VP ENERGY SOLUTIONS  | ENERGY PROJECTS              | ENERGY PROJECTS              | PNG    | 8                     | 0         | 0    | 8     | 9      | (1)   |
| SR VP ENERGY SOLUTIONS  | SR VP ENERGY SOLUTIONS       | SR VP ENERGY SOLUTIONS       | P9S    | 4                     | 0         | 0    | 4     | 4      |       |
| SR VP ENERGY SOLUTIONS  | TECHNOLOGY                   | TECHNOLOGY                   | PNR    | 2                     | 0         | 1    | 3     | 3      |       |
| SR VP ENERGY SOLUTIONS  |                              | SUBTOTAL                     |        | 58                    | 0         | 1    | 59    | 69     | (10)  |
| SR VP OPERATIONS        | CUSTOMER SERVICE             | ADMINISTRATION               | PCA    | 4                     | 0         | 0    | 4     | 5      | (1)   |
| SR VP OPERATIONS        | CUSTOMER SERVICE             | CUST ACCOUNTING & BILLING    | PCB    | 6                     | 0         | 0    | 6     | 6      |       |
| SR VP OPERATIONS        | CUSTOMER SERVICE             | CREDIT                       | PCD    | 5                     | 0         | 0    | 5     | 5      |       |
| SR VP OPERATIONS        | CUSTOMER SERVICE             | CUSTOMER FIELD SERVICES      | PCF    | 4                     | 0         | 0    | 4     | 5      | (1)   |
| SR VP OPERATIONS        | CUSTOMER SERVICE             | FIELD SERVICE & COLLECTIONS  | PCG    | 26                    | 0         | 0    | 26    | 27     | (1)   |
| SR VP OPERATIONS        | CUSTOMER SERVICE             | CUSTOMER ASSISTANCE CENTER   | PCH    | 27                    | 0         | 0    | 27    | 30     | (3)   |
| SR VP OPERATIONS        | CUSTOMER SERVICE             | METER READING                | PCM    | 33                    | 0         | 0    | 33    | 34     | (1)   |
| SR VP OPERATIONS        | CUSTOMER SERVICE             | PAYMT PROCESS & SUPPORT CTR  | PCP    | 16                    | 0         | 0    | 16    | 17     | (1)   |
| SR VP OPERATIONS        | CUSTOMER SERVICE             | CUSTOMER ACCOUNT SERVICES    | PCS    | 5                     | 0         | 0    | 5     | 5      |       |
| SR VP OPERATIONS        | SR VP OPERATIONS             | SR VP OPERATIONS             | P8V    | 3                     | 0         | 0    | 3     | 3      |       |
| SR VP OPERATIONS        |                              | SUBTOTAL                     |        | 129                   | 0         | 0    | 129   | 137    | (8)   |
| SR VP PUBLIC AFFAIRS    | GOVERNMENTAL RELATIONS       | GOVERNMENTAL RELATIONS       | PNI    | 2                     | 0         | 0    | 2     | 3      | (1)   |
| SR VP PUBLIC AFFAIRS    | SR VP PUBLIC AFFAIRS         | SR VP PUBLIC AFFAIRS         | P9V    | 3                     | 0         | 0    | 3     | 2      | 1     |
| SR VP PUBLIC AFFAIRS    |                              | SUBTOTAL                     |        | 5                     | 0         | 0    | 5     | 5      | 0     |
|                         |                              | COMPANY TOTAL                |        | 1442                  | 1         | 4    | 1447  | 1572   | (125) |

\*Forecast Budget count for RA PDS includes RA's PDJ, PDK, PDL & PDU.

\*\*Updated to reflect D&O 23258: Two DSM employees previously removed from employee counts are added back

\*\*\*Forecast Budget count has been adjusted to include PSOM Reorganization.



| VICE PRESIDENT'S OFFICE | DEPARTMENT NAME               | DIVISION NAME                 | RA    | ACTUAL EMPLOYEE COUNT |           |      |       | BUDGET | DIFF |
|-------------------------|-------------------------------|-------------------------------|-------|-----------------------|-----------|------|-------|--------|------|
|                         |                               |                               |       | FULL TIME             | PART TIME | TEMP | TOTAL |        |      |
| CORPORATE EXCELLENCE    | COMPENSATION AND BENEFITS     | EMPL BENEFITS & HLTH SVCS     | PFB   | 8                     | 0         | 0    | 8     | 10     | (2)  |
| CORPORATE EXCELLENCE    | COMPENSATION AND BENEFITS     | COMPENSATION                  | PFC   | 2                     | 0         | 0    | 2     | 2      |      |
| CORPORATE EXCELLENCE    | COMPENSATION AND BENEFITS     | DISABILITY MANAGEMENT         | PPW   | 3                     | 0         | 0    | 3     | 3      |      |
| CORPORATE EXCELLENCE    | INDUSTRIAL RELATIONS          | ADMINISTRATION                | PPA   | 3                     | 0         | 0    | 3     | 3      |      |
| CORPORATE EXCELLENCE    | INDUSTRIAL RELATIONS          | LABOR REL & WAGE ADMIN        | PPi   | 6                     | 0         | 0    | 6     | 6      |      |
| CORPORATE EXCELLENCE    | SAFETY, SECURITY & FACILITIES | CORPORATE SAFETY              | PFS   | 11                    | 0         | 0    | 11    | 12     | (1)  |
| CORPORATE EXCELLENCE    | SAFETY, SECURITY & FACILITIES | ADMINISTRATION                | PHA   | 2                     | 0         | 0    | 2     | 2      |      |
| CORPORATE EXCELLENCE    | SAFETY, SECURITY & FACILITIES | FACILITIES OPERATIONS         | PHB   | 14                    | 0         | 0    | 14    | 15     | (1)  |
| CORPORATE EXCELLENCE    | SAFETY, SECURITY & FACILITIES | FACILITIES PLANNING           | PHF   | 7                     | 0         | 0    | 7     | 8      | (1)  |
| CORPORATE EXCELLENCE    | SAFETY, SECURITY & FACILITIES | SECURITY                      | PHS   | 7                     | 0         | 0    | 7     | 10     | (3)  |
| CORPORATE EXCELLENCE    | VP CORPORATE EXCELLENCE       | VP CORPORATE EXCELLENCE       | P6V   | 2                     | 0         | 0    | 2     | 2      |      |
| CORPORATE EXCELLENCE    | WORKFORCE STAFFING & DEVELOP  | ADMINISTRATION                | PFA   | 4                     | 0         | 0    | 4     | 4      |      |
| CORPORATE EXCELLENCE    | WORKFORCE STAFFING & DEVELOP  | CLIENT SERVICES & CONSULTING  | PFJ   | 10                    | 0         | 0    | 10    | 10     |      |
| CORPORATE EXCELLENCE    | WORKFORCE STAFFING & DEVELOP  | ORGANIZ DEV & CONTIN IMPRVMT  | PFi   | 2                     | 0         | 0    | 2     | 3      | (1)  |
| CORPORATE EXCELLENCE    |                               | SUBTOTAL                      |       | 81                    | 0         | 0    | 81    | 90     | (9)  |
| CORPORATE RELATIONS     | CORPORATE COMMUNICATIONS      | CORPORATE COMMUNICATIONS      | PQC   | 7                     | 1         | 0    | 8     | 9      | (1)  |
| CORPORATE RELATIONS     | VP CORPORATE RELATIONS        | VP CORPORATE RELATIONS        | P1V   | 3                     | 0         | 0    | 3     | 3      |      |
| CORPORATE RELATIONS     |                               | SUBTOTAL                      |       | 10                    | 1         | 0    | 11    | 12     | (1)  |
| CUSTOMER SOLUTIONS      | CUSTOMER TECH APPLICATIONS    | CUSTOMER TECH APPLICATIONS    | PSR   | 8                     | 0         | 0    | 8     | 10     | (2)  |
| CUSTOMER SOLUTIONS      | ENERGY SERVICES               | ADMINISTRATION                | PSA   | 3                     | 0         | 0    | 3     | 3      |      |
| CUSTOMER SOLUTIONS      | ENERGY SERVICES               | CUSTOMER EFFICIENCY PROGRAM   | PSD** | 10                    | 0         | 0    | 10    | 11     | (1)  |
| CUSTOMER SOLUTIONS      | ENERGY SERVICES               | PRICING                       | PSP   | 4                     | 0         | 0    | 4     | 5      | (1)  |
| CUSTOMER SOLUTIONS      | FORECASTS & RESEARCH          | FORECASTS & RESEARCH          | PSM** | 10                    | 0         | 0    | 10    | 10     |      |
| CUSTOMER SOLUTIONS      | MARKETING SERVICES            | MARKETING SERVICES            | PSN   | 12                    | 0         | 0    | 12    | 12     |      |
| CUSTOMER SOLUTIONS      | VP CUSTOMER SOLUTIONS         | CUSTOMER SOLUTIONS            | P1W   | 2                     | 0         | 0    | 2     | 2      |      |
| CUSTOMER SOLUTIONS      |                               | SUBTOTAL                      |       | 49                    | 0         | 0    | 49    | 53     | (4)  |
| ENERGY DELIVERY         | CONSTRUCTION & MAINTENANCE    | ADMINISTRATION                | PDA   | 5                     | 0         | 0    | 5     | 6      | (1)  |
| ENERGY DELIVERY         | CONSTRUCTION & MAINTENANCE    | CONTROL SECTION               | PDC   | 5                     | 0         | 0    | 5     | 8      | (3)  |
| ENERGY DELIVERY         | CONSTRUCTION & MAINTENANCE    | TRAINING SECTION              | PDD   | 17                    | 0         | 0    | 17    |        | 17   |
| ENERGY DELIVERY         | CONSTRUCTION & MAINTENANCE    | FIELD OPERATION               | PDF   | 23                    | 0         | 0    | 23    | 22     | 1    |
| ENERGY DELIVERY         | CONSTRUCTION & MAINTENANCE    | WEST OVERHEAD                 | PDJ*  | 40                    | 0         | 0    | 40    |        |      |
| ENERGY DELIVERY         | CONSTRUCTION & MAINTENANCE    | EAST OVERHEAD-KOOLAU          | PDK*  | 25                    | 0         | 0    | 25    |        |      |
| ENERGY DELIVERY         | CONSTRUCTION & MAINTENANCE    | EAST OVERHEAD-WARD            | PDL*  | 38                    | 0         | 0    | 38    |        |      |
| ENERGY DELIVERY         | CONSTRUCTION & MAINTENANCE    | UNDERGROUND                   | PDU*  | 27                    | 0         | 0    | 27    |        |      |
| ENERGY DELIVERY         | CONSTRUCTION & MAINTENANCE    | OPERATIONS                    | PDS*  | 13                    | 0         | 0    | 13    | 170    | (27) |
| ENERGY DELIVERY         | CONSTRUCTION & MAINTENANCE    | PLANNING                      | PDP   | 23                    | 0         | 0    | 23    | 13     | 10   |
| ENERGY DELIVERY         | CONSTRUCTION & MAINTENANCE    | VEGETATION MANAGEMENT         | PDV   | 2                     | 0         | 0    | 2     | 1      | 1    |
| ENERGY DELIVERY         | ENGINEERING                   | ADMINISTRATION                | PBA   | 7                     | 0         | 0    | 7     | 7      |      |
| ENERGY DELIVERY         | ENGINEERING                   | T&D ENGINEERING               | PBE   | 22                    | 0         | 1    | 23    | 23     |      |
| ENERGY DELIVERY         | ENGINEERING                   | PROJECT MANAGEMENT            | PBP   | 7                     | 0         | 0    | 7     | 7      |      |
| ENERGY DELIVERY         | ENGINEERING                   | STRUCTURAL                    | PBT   | 18                    | 0         | 0    | 18    | 18     |      |
| ENERGY DELIVERY         | ENGINEERING                   | SUBST PROTECTION&TELECOM      | PBY   | 20                    | 0         | 1    | 21    | 22     | (1)  |
| ENERGY DELIVERY         | ENGINEERING                   | T&D TECHNICAL SERVICES        | PBZ   | 8                     | 0         | 0    | 8     | 8      |      |
| ENERGY DELIVERY         | SUPPORT SERVICES              | ADMINISTRATION                | PVA   | 5                     | 0         | 0    | 5     | 5      |      |
| ENERGY DELIVERY         | SUPPORT SERVICES              | FLEET                         | PVF   | 22                    | 0         | 0    | 22    | 25     | (3)  |
| ENERGY DELIVERY         | SUPPORT SERVICES              | ELECTRICAL & WELDING SERVICES | PVL   | 12                    | 0         | 0    | 12    | 12     |      |
| ENERGY DELIVERY         | SUPPORT SERVICES              | MATERIALS MANAGEMENT          | PVM   | 27                    | 0         | 0    | 27    | 28     | (1)  |
| ENERGY DELIVERY         | SUPPORT SERVICES              | PURCHASING                    | PVP   | 15                    | 0         | 0    | 15    | 15     |      |
| ENERGY DELIVERY         | SYSTEM OPERATION              | ADMINISTRATION                | PRA   | 7                     | 0         | 0    | 7     | 7      |      |
| ENERGY DELIVERY         | SYSTEM OPERATION              | COMMUNICATIONS                | PRC   | 8                     | 0         | 0    | 8     | 8      |      |
| ENERGY DELIVERY         | SYSTEM OPERATION              | OPERATING DISPATCH            | PRD   | 22                    | 0         | 0    | 22    | 27     | (5)  |
| ENERGY DELIVERY         | SYSTEM OPERATION              | OPERATING ENGINEERING         | PRE   | 11                    | 0         | 0    | 11    | 14     | (3)  |
| ENERGY DELIVERY         | SYSTEM OPERATION              | INSTRUMENT & CONTROL          | PRI   | 9                     | 0         | 0    | 9     | 9      |      |
| ENERGY DELIVERY         | SYSTEM OPERATION              | RELAY                         | PRR   | 10                    | 0         | 0    | 10    | 10     |      |
| ENERGY DELIVERY         | SYSTEM OPERATION              | SUBSTATION                    | PRS   | 38                    | 0         | 0    | 38    | 39     | (1)  |
| ENERGY DELIVERY         | SYSTEM OPERATION              | CONSTRUCTION MANAGEMENT       | PRX   | 3                     | 0         | 0    | 3     | 3      |      |
| ENERGY DELIVERY         | VP ENERGY DELIVERY            | VP ENERGY DELIVERY            | P2V   | 2                     | 0         | 0    | 2     | 2      |      |
| ENERGY DELIVERY         |                               | SUBTOTAL                      |       | 491                   | 0         | 2    | 493   | 509    | (16) |
| FINANCE                 | FINANCIAL VICE PRESIDENT      | FINANCIAL VICE PRESIDENT      | P4V   | 4                     | 0         | 0    | 4     | 4      |      |
| FINANCE                 | GENERAL ACCOUNTING            | ADMINISTRATION                | PAA   | 5                     | 0         | 0    | 5     | 6      | (1)  |
| FINANCE                 | GENERAL ACCOUNTING            | CORPORATE ACCOUNTING          | PAC   | 5                     | 0         | 0    | 5     | 5      |      |
| FINANCE                 | GENERAL ACCOUNTING            | COST ACCOUNTING               | PAD   | 8                     | 0         | 0    | 8     | 10     | (2)  |
| FINANCE                 | GENERAL ACCOUNTING            | PROPERTY ACCOUNTING           | PAT   | 5                     | 0         | 0    | 5     | 5      |      |
| FINANCE                 | INFO TECHNOLOGY & SVCS        | ADMINISTRATION                | PEA   | 2                     | 0         | 0    | 2     | 2      |      |
| FINANCE                 | INFO TECHNOLOGY & SVCS        | CUSTOMER CARE                 | PEC   | 25                    | 0         | 0    | 25    | 23     | 2    |
| FINANCE                 | INFO TECHNOLOGY & SVCS        | DEVELOPMENT SERVICES          | PED   | 35                    | 0         | 0    | 35    | 37     | (2)  |
| FINANCE                 | INFO TECHNOLOGY & SVCS        | INFRASTRUCTURE & OPERATIONS   | PEI   | 22                    | 0         | 0    | 22    | 24     | (2)  |
| FINANCE                 | INFO TECHNOLOGY & SVCS        | MAILING SERVICES              | PEM   | 7                     | 0         | 0    | 7     | 8      | (1)  |
| FINANCE                 | MANAGEMENT ACCTG & FIN SVCS   | ADMINISTRATION                | PKB   | 4                     | 0         | 0    | 4     | 4      |      |
| FINANCE                 | MANAGEMENT ACCTG & FIN SVCS   | BUDGETS                       | PKC   | 7                     | 0         | 0    | 7     | 7      |      |
| FINANCE                 | MANAGEMENT ACCTG & FIN SVCS   | FINANCIAL ANALYSIS            | PKF   | 3                     | 0         | 0    | 3     | 3      |      |
| FINANCE                 | MANAGEMENT ACCTG & FIN SVCS   | ERP ADMINISTRATION            | PKM   | 3                     | 0         | 0    | 3     | 3      |      |
| FINANCE                 | MANAGEMENT ACCTG & FIN SVCS   | TREASURY                      | PKT   | 5                     | 0         | 0    | 5     | 5      |      |
| FINANCE                 | RISK MANAGEMENT               | RISK MANAGEMENT               | PKI   | 9                     | 0         | 0    | 9     | 9      |      |
| FINANCE                 |                               | SUBTOTAL                      |       | 149                   | 0         | 0    | 149   | 155    | (6)  |
| GENERAL COUNSEL         | LEGAL                         | LEGAL                         | PNC   | 12                    | 0         | 0    | 12    | 11     | 1    |
| GENERAL COUNSEL         | LEGAL                         | LAND & RIGHTS OF WAY          | PNL   | 5                     | 0         | 0    | 5     | 5      |      |
| GENERAL COUNSEL         | VP GENERAL COUNSEL            | VP-GENERAL COUNSEL            | P5V   | 2                     | 0         | 0    | 2     | 2      |      |
| GENERAL COUNSEL         |                               |                               |       | 19                    | 0         | 0    | 19    | 18     | 1    |



| VICE PRESIDENT'S OFFICE  | DEPARTMENT NAME              | DIVISION NAME                | RA     | ACTUAL EMPLOYEE COUNT |           |      |       | BUDGET | DIFF |
|--------------------------|------------------------------|------------------------------|--------|-----------------------|-----------|------|-------|--------|------|
|                          |                              |                              |        | FULL TIME             | PART TIME | TEMP | TOTAL |        |      |
| GOVT & COMMUNITY AFFAIRS | EDUCATION & CONSUMER AFFAIRS | EDUCATION & CONSUMER AFFAIRS | PQE    | 6                     | 0         | 0    | 6     | 8      | (2)  |
| GOVT & COMMUNITY AFFAIRS | REGULATORY AFFAIRS           | REGULATORY AFFAIRS           | PNP    | 8                     | 0         | 0    | 8     | 8      |      |
| GOVT & COMMUNITY AFFAIRS | VP GOVT & COMMUNITY AFFAIRS  | VP GOVT & COMMUNITY AFFAIRS  | P3V    | 7                     | 0         | 0    | 7     | 7      |      |
| GOVT & COMMUNITY AFFAIRS |                              | SUBTOTAL                     |        | 21                    | 0         | 0    | 21    | 23     | (2)  |
| POWER SUPPLY             | ENVIRONMENTAL                | ADMINISTRATION               | PJA    | 4                     | 0         | 0    | 4     | 4      |      |
| POWER SUPPLY             | ENVIRONMENTAL                | AIR QUALITY & NOISE          | PJB    | 5                     | 0         | 0    | 5     | 6      | (1)  |
| POWER SUPPLY             | ENVIRONMENTAL                | CHEMISTRY                    | PJC    | 6                     | 0         | 0    | 6     | 6      |      |
| POWER SUPPLY             | ENVIRONMENTAL                | WATER & HAZARDOUS MATERIAL   | PJW    | 7                     | 0         | 0    | 7     | 8      | (1)  |
| POWER SUPPLY             | POWER SUPPLY ENGINEERING     | ADMINISTRATION               | PYA    | 3                     | 0         | 0    | 3     | 3      |      |
| POWER SUPPLY             | POWER SUPPLY ENGINEERING     | SUPPORT STAFF                | PYC    | 2                     | 0         | 0    | 2     | 2      |      |
| POWER SUPPLY             | POWER SUPPLY ENGINEERING     | PS TECHNICAL SERVICES        | PYE    | 8                     | 0         | 0    | 8     | 8      |      |
| POWER SUPPLY             | POWER SUPPLY ENGINEERING     | POWER PLANT ELECT ENGRG      | PYF    | 10                    | 0         | 0    | 10    | 12     | (2)  |
| POWER SUPPLY             | POWER SUPPLY ENGINEERING     | POWER PLANT DRAFTING         | PYG    | 2                     | 0         | 0    | 2     | 2      |      |
| POWER SUPPLY             | POWER SUPPLY ENGINEERING     | POWER PLANT PROJECT MGT      | PYJ    | 4                     | 0         | 0    | 4     | 5      | (1)  |
| POWER SUPPLY             | POWER SUPPLY ENGINEERING     | POWER PLANT MECH ENGRG       | PYM    | 13                    | 0         | 0    | 13    | 13     |      |
| POWER SUPPLY             | POWER SUPPLY OPER & MAINT    | O&M ADMINISTRATION           | PIB    | 8                     | 0         | 0    | 8     | 8      |      |
| POWER SUPPLY             | POWER SUPPLY OPER & MAINT    | TRAINING                     | PID    | 2                     | 0         | 0    | 2     | 3      | (1)  |
| POWER SUPPLY             | POWER SUPPLY OPER & MAINT    | HONOLULU STATION OPERATIONS  | PIH    | 25                    | 0         | 0    | 25    | 27     | (2)  |
| POWER SUPPLY             | POWER SUPPLY OPER & MAINT    | KAHE STATION OPERATIONS      | PIK    | 60                    | 0         | 0    | 60    | 61     | (1)  |
| POWER SUPPLY             | POWER SUPPLY OPER & MAINT    | KAHE STATION MAINTENANCE     | PIL    | 28                    | 0         | 0    | 28    | 33     | (5)  |
| POWER SUPPLY             | POWER SUPPLY OPER & MAINT    | MAINTENANCE ADMINISTRATION   | PIM    | 2                     | 0         | 0    | 2     | 3      | (1)  |
| POWER SUPPLY             | POWER SUPPLY OPER & MAINT    | HONOLULU STATION MAINTENANCE | PIN    | 10                    | 0         | 0    | 10    | 12     | (2)  |
| POWER SUPPLY             | POWER SUPPLY OPER & MAINT    | OPERATIONS ADMINISTRATION    | PIO    | 2                     | 0         | 0    | 2     | 2      |      |
| POWER SUPPLY             | POWER SUPPLY OPER & MAINT    | PLANNING AND ENGINEERING     | PIP    | 20                    | 0         | 0    | 20    | 24     | (4)  |
| POWER SUPPLY             | POWER SUPPLY OPER & MAINT    | TRAVELING MAINTENANCE        | PIT    | 69                    | 0         | 0    | 69    | 81     | (12) |
| POWER SUPPLY             | POWER SUPPLY OPER & MAINT    | WAIU STATION OPERATIONS      | PIW    | 62                    | 0         | 0    | 62    | 66     | (4)  |
| POWER SUPPLY             | POWER SUPPLY OPER & MAINT    | WAIU STATION MAINTENANCE     | PIX    | 29                    | 0         | 0    | 29    | 32     | (3)  |
| POWER SUPPLY             | POWER SUPPLY SERVICES        | SERVICES ADMINISTRATION      | PIA    | 3                     | 0         | 0    | 3     | 3      |      |
| POWER SUPPLY             | POWER SUPPLY SERVICES        | POWER PURCHASE               | PIC    | 6                     | 0         | 0    | 6     | 6      |      |
| POWER SUPPLY             | POWER SUPPLY SERVICES        | FUEL RESOURCES               | PIF    | 3                     | 0         | 0    | 3     | 4      | (1)  |
| POWER SUPPLY             | POWER SUPPLY SERVICES        | FUEL INFRASTRUCTURE          | PIJ    | 0                     | 0         | 0    | 0     | 2      | (2)  |
| POWER SUPPLY             | SYSTEM PLANNING              | ADMINISTRATION               | PXA    | 2                     | 0         | 0    | 2     | 2      |      |
| POWER SUPPLY             | SYSTEM PLANNING              | GENERATION PLANNING          | PYB    | 9                     | 0         | 0    | 9     | 9      |      |
| POWER SUPPLY             | SYSTEM PLANNING              | TRANSMISSION PLANNING        | PYT    | 8                     | 0         | 0    | 8     | 8      |      |
| POWER SUPPLY             | VP POWER SUPPLY              | VP POWER SUPPLY              | P7V    | 2                     | 0         | 0    | 2     | 2      |      |
| POWER SUPPLY             |                              | SUBTOTAL                     |        | 414                   | 0         | 0    | 414   | 457    | (43) |
| PRESIDENT - HECO         | CORPORATE AUDIT & COMPLIANCE | INTERNAL AUDIT               | PNA    | 8                     | 0         | 0    | 8     | 8      |      |
| PRESIDENT - HECO         | CORPORATE AUDIT & COMPLIANCE | ADMINISTRATION               | PNX    | 3                     | 0         | 0    | 3     | 4      | (1)  |
| PRESIDENT - HECO         | PRESIDENTS OFFICE            | PRESIDENTS OFFICE            | P9P    | 2                     | 0         | 0    | 2     | 3      | (1)  |
| PRESIDENT - HECO         |                              | SUBTOTAL                     |        | 13                    | 0         | 0    | 13    | 15     | (2)  |
| SPECIAL PROJECTS         | VP SPECIAL PROJECTS          | VP SPECIAL PROJECTS          | P2W    | 0                     | 0         | 0    | 0     | 1      | (1)  |
| SPECIAL PROJECTS         |                              | SUBTOTAL                     |        | 0                     | 0         | 0    | 0     | 1      | (1)  |
| SR VP ENERGY SOLUTIONS   | CUSTOMER INSTALLATION        | ADMINISTRATION               | PWA    | 11                    | 0         | 0    | 11    | 12     | (1)  |
| SR VP ENERGY SOLUTIONS   | CUSTOMER INSTALLATION        | PLANNING & DESIGN            | PWP    | 21                    | 0         | 0    | 21    | 27     | (6)  |
| SR VP ENERGY SOLUTIONS   | CUSTOMER INSTALLATION        | ENGINEERING & METER          | PWX    | 12                    | 0         | 0    | 12    | 14     | (2)  |
| SR VP ENERGY SOLUTIONS   | ENERGY PROJECTS              | ENERGY PROJECTS              | PNG    | 9                     | 0         | 0    | 9     | 9      |      |
| SR VP ENERGY SOLUTIONS   | SR VP ENERGY SOLUTIONS       | SR VP ENERGY SOLUTIONS       | P9S    | 4                     | 0         | 0    | 4     | 4      |      |
| SR VP ENERGY SOLUTIONS   | TECHNOLOGY                   | TECHNOLOGY                   | PNR    | 2                     | 0         | 1    | 3     | 3      |      |
| SR VP ENERGY SOLUTIONS   |                              | SUBTOTAL                     |        | 59                    | 0         | 1    | 60    | 69     | (9)  |
| SR VP OPERATIONS         | CUSTOMER SERVICE             | ADMINISTRATION               | PCA*** | 3                     | 0         | 0    | 3     | 4      | (1)  |
| SR VP OPERATIONS         | CUSTOMER SERVICE             | CUST ACCOUNTING & BILLING    | PCB    | 6                     | 0         | 0    | 6     | 6      |      |
| SR VP OPERATIONS         | CUSTOMER SERVICE             | CREDIT                       | PCD    | 5                     | 0         | 0    | 5     | 5      |      |
| SR VP OPERATIONS         | CUSTOMER SERVICE             | CUSTOMER FIELD SERVICES      | PCF*** | 4                     | 0         | 0    | 4     | 4      |      |
| SR VP OPERATIONS         | CUSTOMER SERVICE             | FIELD SERVICE & COLLECTIONS  | PCG*** | 26                    | 0         | 0    | 26    | 26     |      |
| SR VP OPERATIONS         | CUSTOMER SERVICE             | CUSTOMER ASSISTANCE CENTER   | PCH    | 28                    | 0         | 0    | 28    | 30     | (2)  |
| SR VP OPERATIONS         | CUSTOMER SERVICE             | METER READING                | PCM    | 34                    | 0         | 0    | 34    | 34     |      |
| SR VP OPERATIONS         | CUSTOMER SERVICE             | PAYMT PROCESS & SUPPORT CTR  | PCP    | 16                    | 0         | 1    | 17    | 17     |      |
| SR VP OPERATIONS         | CUSTOMER SERVICE             | CUSTOMER ACCOUNT SERVICES    | PCS    | 5                     | 0         | 0    | 5     | 5      |      |
| SR VP OPERATIONS         | SR VP OPERATIONS             | SR VP OPERATIONS             | P8V    | 2                     | 0         | 0    | 2     | 2      |      |
| SR VP OPERATIONS         |                              | SUBTOTAL                     |        | 129                   | 0         | 1    | 130   | 133    | (3)  |
| SR VP PUBLIC AFFAIRS     | GOVERNMENTAL RELATIONS       | GOVERNMENTAL RELATIONS       | PNI    | 2                     | 0         | 1    | 3     | 3      |      |
| SR VP PUBLIC AFFAIRS     | INTEGRATED RESOURCE PLNG     | INTEGRATED RESOURCE PLANNING | PYP    | 6                     | 0         | 0    | 6     | 6      |      |
| SR VP PUBLIC AFFAIRS     | SR VP PUBLIC AFFAIRS         | SR VP PUBLIC AFFAIRS         | P9V    | 3                     | 0         | 0    | 3     | 3      |      |
| SR VP PUBLIC AFFAIRS     |                              | SUBTOTAL                     |        | 11                    | 0         | 1    | 12    | 12     | 0    |
|                          |                              | COMPANY TOTAL                |        | 1446                  | 1         | 5    | 1452  | 1547   | (95) |

\*Forecast Budget count for RA PDS includes RA's PDJ, PDK, PDL & PDU.

\*\*Employee Counts have been adjusted to exclude employees covered under the DSM surcharge adjustment docket (Budget Only).

\*\*\*Forecast Budget employees counts have been adjusted to exclude employees per request from Customer Service



HAWAIIAN ELECTRIC INDUSTRIES, INC.  
EMPLOYEE COUNT

| Department Name                   | Notes    | RA | 1ST QTR 2005 |        | 2ND QTR 2005 |        | 3RD QTR 2005 |        | 4TH QTR 2005 |        |
|-----------------------------------|----------|----|--------------|--------|--------------|--------|--------------|--------|--------------|--------|
|                                   |          |    | Actual       | Budget | Actual       | Budget | Actual       | Budget | Actual       | Budget |
| President's Office                |          | 9Z | 2            | 2      | 2            | 2      | 2            | 2      | 2            | 2      |
| Internal Audit                    | (2), (3) | ZA | 4            | 4      | 4            | 4      | 3            | 4      | 0            | 4      |
| VP Administration                 | (2)      | Z3 | 4            | 4      | 3            | 3      | 4            | 3      | 4            | 3      |
| VP Finance                        |          | Z4 | 2            | 2      | 2            | 2      | 2            | 2      | 2            | 2      |
| Controller's Department           |          | 4C | 7            | 7      | 7            | 7      | 7            | 7      | 7            | 7      |
| Taxes                             |          | 4P | 7            | 7      | 7            | 7      | 7            | 7      | 7            | 7      |
| Investor Relations                |          | TI | 2            | 2      | 2            | 2      | 2            | 2      | 2            | 2      |
| Benefit Plan Asset Management     |          | 4T | 2            | 2      | 2            | 2      | 2            | 2      | 2            | 2      |
| Corporate Finance and Investments |          | 4F | 1            | 1      | 1            | 1      | 1            | 1      | 1            | 1      |
| Stock Transfer                    |          | TT | 5            | 5      | 5            | 5      | 5            | 5      | 5            | 5      |
| Enterprise Risk                   | (1)      | 4R | 1            | 0      | 1            | 0      | 1            | 0      | 1            | 0      |
| Information Technology Department |          | Z6 | 6            | 6      | 6            | 6      | 6            | 6      | 6            | 6      |
| VP Government Relations           |          | Z7 | 2            | 2      | 2            | 2      | 2            | 2      | 2            | 2      |
| Community Relations               |          | 9C | 2            | 2      | 2            | 2      | 2            | 2      | 2            | 2      |
| TOTAL                             |          |    | 47           | 46     | 46           | 45     | 46           | 45     | 43           | 45     |

Notes:

- (1) 2005: New position effective 03/05 - Director of Enterprise Risk
- (2) 2005: Transfer of (1) auditor position to the VP Administration department effective 09/05.
- (3) 2005: Internal Audit function outsourced effective 11/05.

\*All employee counts are full-time unless otherwise indicated.



HAWAIIAN ELECTRIC INDUSTRIES, INC.  
EMPLOYEE COUNT

| Department Name                   | Notes | RA | 1ST QTR 2006 |           | 2ND QTR 2006 |           | 3RD QTR 2006 |           | 4TH QTR 2006 |           | 1ST QTR 2007 |           |
|-----------------------------------|-------|----|--------------|-----------|--------------|-----------|--------------|-----------|--------------|-----------|--------------|-----------|
|                                   |       |    | Actual       | Budget    | Actual       | Budget    | Actual       | Budget    | Actual       | Budget    | Actual       | Budget    |
| President's Office                |       | 9Z | 2            | 2         | 2            | 2         | 2            | 2         | 2            | 2         | 2            | 2         |
| Internal Audit                    |       | ZA | 0            | 0         | 0            | 0         | 0            | 0         | 0            | 0         | 0            | 0         |
| VP Administration                 |       | Z3 | 4            | 4         | 4            | 4         | 4            | 4         | 4            | 4         | 4            | 4         |
| VP Finance                        |       | Z4 | 2            | 2         | 2            | 2         | 2            | 2         | 2            | 2         | 2            | 2         |
| Controller's Department           |       | 4C | 7            | 7         | 7            | 7         | 7            | 7         | 7            | 7         | 7            | 7         |
| Taxes                             | (7)   | 4P | 7            | 7         | 7            | 7         | 7            | 7         | 7            | 7         | 6            | 7         |
| Investor Relations                | (5)   | TI | 2            | 2         | 2            | 2         | 3            | 2         | 3            | 2         | 3            | 3         |
| Benefit Plan Asset Management     | (8)   | 4T | 2            | 2         | 2            | 2         | 2            | 2         | 2            | 2         | 2            | 2         |
| Corporate Finance and Investments |       | 4F | 1            | 1         | 1            | 1         | 1            | 1         | 1            | 1         | 1            | 1         |
| Stock Transfer                    | (5)   | TT | 5            | 5         | 5            | 5         | 4            | 5         | 4            | 5         | 4            | 4         |
| Enterprise Risk                   |       | 4R | 1            | 1         | 1            | 1         | 1            | 1         | 1            | 1         | 1            | 1         |
| Information Technology Department | (4)   | Z6 | 6            | 6         | 5            | 6         | 5            | 6         | 5            | 6         | 5            | 5         |
| VP Government Relations           |       | Z7 | 2            | 2         | 2            | 2         | 2            | 2         | 2            | 2         | 2            | 2         |
| Community Relations               | (6)   | 9C | 2            | 2         | 2            | 2         | 2            | 2         | 2            | 2         | 1            | 2         |
| <b>TOTAL</b>                      |       |    | <b>43</b>    | <b>43</b> | <b>42</b>    | <b>43</b> | <b>42</b>    | <b>43</b> | <b>42</b>    | <b>43</b> | <b>40</b>    | <b>42</b> |

Notes:

- (4) 2006: VP Information Systems retired in 05/06 (department was renamed Information Technology department).
- (5) 2006: Transfer of (1) Stock Transfer employee to the Investor Relations department effective 08/06.
- (6) 2007: Community Relations secretary retired in 02/07.
- (7) 2007: (1) vacant tax accountant position as of 03/31/07.
- (8) 2006 & 2007: (1) part-time employee in the Benefit Plan Asset Management department effective 10/05.

\*All employee counts are full-time unless otherwise indicated.



(Reflects DSM Decision and Order 23258<sup>1</sup>)

|  | A                        | B               | C                       | D               | E                               | F                        | G                                | H                                       |
|--|--------------------------|-----------------|-------------------------|-----------------|---------------------------------|--------------------------|----------------------------------|---|
|  | 2004<br>Recorded<br>EOY* | 2004<br>Average | 2005<br>Recorded<br>EOY | 2005<br>Average | 2006 YTD<br>Recorded<br>9/30/06 | 2006<br>Projected<br>EOY | Updated<br>2007 EOY<br>Test Year | Updated<br>2007 TEST<br>YEAR<br>AVERAGE |
| President's Office   |                          |                 |                         |                 |                                 |                          |                                  |   |
| Corporate Audit & Compliance (Formerly Internal Audit)     | 6                        | 6               | 11                      | 8               | 11                              | 9                        | 12                               | 12                                      |
| President's Office   | 4                        | 3               | 5                       | 5               | 2                               | 2                        | 5                                | 5                                       |
| Subtotal   | 10                       | 9               | 16                      | 13              | 13                              | 11                       | 17                               | 17                                      |
| VP-Corporate Excellence                                    |                          |                 |                         |                 |                                 |                          |                                  |   |
| Compensation & Benefits                                    | 14                       | 14              | 13                      | 14              | 12                              | 13                       | 15                               | 15                                      |
| Industrial Relations                                       | 9                        | 9               | 9                       | 9               | 9                               | 9                        | 9                                | 9                                       |
| Safety, Security & Facilities                              | 52                       | 42              | 44                      | 49              | 46                              | 42                       | 47                               | 47                                      |
| Workforce Staffing & Development                           | 17                       | 16              | 16                      | 17              | 17                              | 16                       | 17                               | 17                                      |
| VP-Corporate Excellence's Office                           | 2                        | 2               | 1                       | 2               | 2                               | 2                        | 2                                | 2                                       |
| Subtotal   | 94                       | 83              | 83                      | 91              | 86                              | 82                       | 90                               | 90                                      |
| VP-Finance   |                          |                 |                         |                 |                                 |                          |                                  |   |
| General Accounting   | 25                       | 25              | 26                      | 25              | 26                              | 26                       | 26                               | 26                                      |
| Information Technology & Services                          | 90                       | 90              | 95                      | 94              | 92                              | 95                       | 94                               | 94                                      |
| Management Accounting & Fin Svcs                           | 20                       | 21              | 20                      | 21              | 22                              | 22                       | 22                               | 22                                      |
| Risk Management  | 9                        | 9               | 9                       | 9               | 9                               | 9                        | 9                                | 9                                       |
| Financial VP/Treasurer's Office                            | 3                        | 3               | 3                       | 3               | 4                               | 4                        | 3                                | 3                                       |
| Subtotal   | 147                      | 148             | 153                     | 152             | 153                             | 156                      | 154                              | 154                                     |
| VP-General Counsel   |                          |                 |                         |                 |                                 |                          |                                  |   |
| Legal  | 16                       | 14              | 16                      | 16              | 15                              | 16                       | 16                               | 16                                      |
| VP-Gen Counsel's Office                                    | 2                        | 2               | 2                       | 2               | 2                               | 2                        | 2                                | 2                                       |
| Subtotal   | 18                       | 16              | 18                      | 18              | 17                              | 18                       | 18                               | 18                                      |
| Sr. VP-Energy Solutions*                                   |                          |                 |                         |                 |                                 |                          |                                  |   |
| Customer Installations                                     | 43                       | 0               | 49                      | 46              | 46                              | 44                       | 53                               | 53                                      |
| Energy Projects  | 8                        | 0               | 9                       | 9               | 8                               | 8                        | 9                                | 9                                       |
| Technology   | 2                        | 0               | 3                       | 3               | 3                               | 3                        | 3                                | 3                                       |
| Sr. VP-Energy Solutions' Office                            | 4                        | 0               | 4                       | 4               | 4                               | 4                        | 4                                | 4                                       |
| Subtotal   | 57                       | 99              | 65                      | 62              | 61                              | 59                       | 69                               | 69                                      |
| VP-Customer Solutions*                                     |                          |                 |                         |                 |                                 |                          |                                  |   |
| Customer Technology Applications                           | 9                        | 0               | 8                       | 9               | 8                               | 8                        | 10                               | 10                                      |
| Energy Services** <sup>1</sup>                             | 14                       | 0               | 17                      | 16              | 16                              | 17                       | 19                               | 19                                      |
| Forecasts & Research**                                     | 9                        | 0               | 10                      | 10              | 9                               | 9                        | 10                               | 10                                      |
| Integrated Resource Planning                               | 4                        | 0               | 5                       | 4               | 5                               | 5                        | 6                                | 6                                       |
| Marketing Services   | 11                       | 0               | 12                      | 12              | 11                              | 11                       | 12                               | 12                                      |
| VP-Customer Solutions' Office                              | 2                        | 0               | 2                       | 2               | 2                               | 2                        | 2                                | 2                                       |
| Subtotal   | 49                       | 46              | 54                      | 53              | 51                              | 52                       | 59                               | 59                                      |
| Sr. VP-Operations  |                          |                 |                         |                 |                                 |                          |                                  |   |
| Customer Service   | 126                      | 118             | 130                     | 129             | 125                             | 126                      | 133                              | 131                                     |
| Sr. VP-Operations' Office                                  | 2                        | 2               | 3                       | 2               | 3                               | 3                        | 3                                | 3                                       |
| Subtotal   | 128                      | 120             | 133                     | 131             | 128                             | 129                      | 136                              | 134                                     |
| VP-Energy Delivery   |                          |                 |                         |                 |                                 |                          |                                  |   |
| Construction & Maintenance                                 | 219                      | 213             | 215                     | 218             | 209                             | 218                      | 220                              | 220                                     |
| Engineering  | 79                       | 79              | 86                      | 85              | 85                              | 84                       | 85                               | 85                                      |
| Support Services   | 81                       | 76              | 80                      | 80              | 77                              | 81                       | 85                               | 85                                      |
| System Operation   | 100                      | 96              | 112                     | 107             | 108                             | 105                      | 117                              | 117                                     |
| VP-Energy Delivery's Office                                | 2                        | 3               | 2                       | 2               | 2                               | 2                        | 2                                | 2                                       |
| Subtotal   | 481                      | 467             | 495                     | 492             | 481                             | 490                      | 509                              | 509                                     |
| VP-Power Supply  |                          |                 |                         |                 |                                 |                          |                                  |   |
| Environmental  | 24                       | 21              | 22                      | 24              | 22                              | 22                       | 24                               | 24                                      |
| Power Supply Engineering (formerly Planning & Engineering) | 41                       | 46              | 41                      | 42              | 37                              | 40                       | 46                               | 46                                      |
| Power Supply Operations & Maintenance                      | 296                      | 275             | 299                     | 299             | 306                             | 314                      | 352                              | 352                                     |
| Power Supply Services                                      | 32                       | 18              | 30                      | 31              | 29                              | 29                       | 31                               | 31                                      |
| VP-Power Supply's Office                                   | 2                        | 2               | 2                       | 2               | 2                               | 2                        | 2                                | 2                                       |
| Subtotal   | 395                      | 362             | 394                     | 398             | 396                             | 407                      | 455                              | 455                                     |
| VP-Special Projects  | 3                        | 3               | 3                       | 3               | 3                               | 3                        | 2                                | 2                                       |
| Sr. VP-Public Affairs                                      |                          |                 |                         |                 |                                 |                          |                                  |   |
| Governmental Relations                                     | 3                        | 3               | 3                       | 3               | 3                               | 2                        | 3                                | 3                                       |
| Sr. VP-Public Affairs' Office                              | 2                        | 2               | 2                       | 2               | 3                               | 3                        | 2                                | 2                                       |
| Subtotal   | 5                        | 5               | 5                       | 5               | 6                               | 5                        | 5                                | 5                                       |
| VP-Corporate Relations                                     |                          |                 |                         |                 |                                 |                          |                                  |   |
| Corporate Communications                                   | 9                        | 9               | 10                      | 10              | 8                               | 8                        | 10                               | 10                                      |
| VP-Corporate Relations' Office                             | 2                        | 2               | 2                       | 2               | 3                               | 3                        | 2                                | 2                                       |
| Subtotal   | 11                       | 11              | 12                      | 12              | 11                              | 11                       | 12                               | 12                                      |
| VP-Government & Community Affairs                          |                          |                 |                         |                 |                                 |                          |                                  |   |
| Education & Consumer Affairs                               | 6                        | 6               | 8                       | 7               | 8                               | 8                        | 8                                | 8                                       |
| Regulatory Affairs   | 5                        | 5               | 7                       | 7               | 7                               | 7                        | 15                               | 11                                      |
| VP-Gov't & Comm Affairs' Office                            | 7                        | 5               | 7                       | 7               | 7                               | 7                        | 7                                | 7                                       |
| Subtotal   | 18                       | 16              | 22                      | 21              | 22                              | 22                       | 30                               | 26                                      |
| Company Total  | 1416                     | 1385            | 1453                    | 1451            | 1428                            | 1445                     | 1556                             | 1550                                    |

\* 2004 Recorded EOY counts reflect reorganizations that occurred in 2004 after the 2005 test year filing; only process area averages are available

\*\* Employee counts have been adjusted to exclude employees covered under the DSM surcharge adjustment docket from all years

<sup>1</sup> Updated to reflect D&O 23258: DSM employees previously removed from employee counts are added back



Hawaiian Electric Company, Inc.  
Updated 2007 Test Year Average Calculation  
Updated HECO-WP-1401  
(Reflects DSM D and O 23258\*\*)

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| Dept          | Jan-07 | Jan-07 | Feb-07 | Mar-07 | Apr-07 | May-07 | Jun-07 | Jul-07 | Aug-07 | Sep-07 | Oct-07 | Nov-07 | Dec-07 | Total | Test Year<br>Average |
|---------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|-------|----------------------|
| Comp & Ben    | 15     | 15     | 15     | 15     | 15     | 15     | 15     | 15     | 15     | 15     | 15     | 15     | 15     | 195   | 15                   |
| Ind Rel       | 9      | 9      | 9      | 9      | 9      | 9      | 9      | 9      | 9      | 9      | 9      | 9      | 9      | 117   | 9                    |
| SSF           | 47     | 47     | 47     | 47     | 47     | 47     | 47     | 47     | 47     | 47     | 47     | 47     | 47     | 611   | 47                   |
| VP-Corp Exc   | 2      | 2      | 2      | 2      | 2      | 2      | 2      | 2      | 2      | 2      | 2      | 2      | 2      | 26    | 2                    |
| WFSO          | 17     | 17     | 17     | 17     | 17     | 17     | 17     | 17     | 17     | 17     | 17     | 17     | 17     | 221   | 17                   |
|               | 90     | 90     | 90     | 90     | 90     | 90     | 90     | 90     | 90     | 90     | 90     | 90     | 90     | 1170  | 90                   |
| Corp Comm     | 10     | 10     | 10     | 10     | 10     | 10     | 10     | 10     | 10     | 10     | 10     | 10     | 10     | 130   | 10                   |
| VP-Corp Rel   | 2      | 2      | 2      | 2      | 2      | 2      | 2      | 2      | 2      | 2      | 2      | 2      | 2      | 26    | 2                    |
|               | 12     | 12     | 12     | 12     | 12     | 12     | 12     | 12     | 12     | 12     | 12     | 12     | 12     | 156   | 12                   |
| CustTechAp    | 10     | 10     | 10     | 10     | 10     | 10     | 10     | 10     | 10     | 10     | 10     | 10     | 10     | 130   | 10                   |
| Engy Svcs*    | 26     | 26     | 26     | 26     | 26     | 26     | 26     | 26     | 26     | 26     | 26     | 26     | 26     |       |                      |
| Less: DSM     | -9     | -9     | -9     | -9     | -9     | -9     | -9     | -9     | -9     | -9     | -9     | -9     | -9     |       |                      |
| Add Back: DSM | 2      | 2      | 2      | 2      | 2      | 2      | 2      | 2      | 2      | 2      | 2      | 2      | 2      | 247   | 19                   |
| Fcst&Res*     | 12     | 12     | 12     | 12     | 12     | 12     | 12     | 12     | 12     | 12     | 12     | 12     | 12     |       |                      |
| Less: DSM     | -2     | -2     | -2     | -2     | -2     | -2     | -2     | -2     | -2     | -2     | -2     | -2     | -2     | 130   | 10                   |
| IRP           | 6      | 6      | 6      | 6      | 6      | 6      | 6      | 6      | 6      | 6      | 6      | 6      | 6      | 78    | 6                    |
| Mktg Svcs     | 12     | 12     | 12     | 12     | 12     | 12     | 12     | 12     | 12     | 12     | 12     | 12     | 12     | 156   | 12                   |
| VP-Cust Sol   | 2      | 2      | 2      | 2      | 2      | 2      | 2      | 2      | 2      | 2      | 2      | 2      | 2      | 26    | 2                    |
|               | 57     | 59     | 59     | 59     | 59     | 59     | 59     | 59     | 59     | 59     | 59     | 59     | 59     | 765   | 59                   |
| C&M           | 220    | 220    | 220    | 220    | 220    | 220    | 220    | 220    | 220    | 220    | 220    | 220    | 220    | 2860  | 220                  |
| Engineering   | 85     | 85     | 85     | 85     | 85     | 85     | 85     | 85     | 85     | 85     | 85     | 85     | 85     | 1105  | 85                   |
| Supp Svcs     | 85     | 85     | 85     | 85     | 85     | 85     | 85     | 85     | 85     | 85     | 85     | 85     | 85     | 1105  | 85                   |
| Sys Op        | 117    | 117    | 117    | 117    | 117    | 117    | 117    | 117    | 117    | 117    | 117    | 117    | 117    | 1521  | 117                  |
| VP-En Del     | 2      | 2      | 2      | 2      | 2      | 2      | 2      | 2      | 2      | 2      | 2      | 2      | 2      | 26    | 2                    |
|               | 509    | 509    | 509    | 509    | 509    | 509    | 509    | 509    | 509    | 509    | 509    | 509    | 509    | 6617  | 509                  |
| CID           | 53     | 53     | 53     | 53     | 53     | 53     | 54     | 54     | 54     | 54     | 53     | 53     | 53     | 693   | 53                   |
| Engy Proj     | 9      | 9      | 9      | 9      | 9      | 9      | 9      | 9      | 9      | 9      | 9      | 9      | 9      | 117   | 9                    |
| SVP-EnSol     | 4      | 4      | 4      | 4      | 4      | 4      | 4      | 4      | 4      | 4      | 4      | 4      | 4      | 52    | 4                    |
| Tech          | 3      | 3      | 3      | 3      | 3      | 3      | 3      | 3      | 3      | 3      | 3      | 3      | 3      | 39    | 3                    |
|               | 69     | 69     | 69     | 69     | 69     | 69     | 70     | 70     | 70     | 70     | 69     | 69     | 69     | 901   | 69                   |
| Financial VP  | 3      | 3      | 3      | 3      | 3      | 3      | 3      | 3      | 3      | 3      | 3      | 3      | 3      | 39    | 3                    |
| Gen Acctg     | 26     | 26     | 26     | 26     | 26     | 26     | 26     | 26     | 26     | 26     | 26     | 26     | 26     | 338   | 26                   |
| InfoTech      | 94     | 94     | 94     | 94     | 94     | 94     | 94     | 94     | 94     | 94     | 94     | 94     | 94     | 1222  | 94                   |
| MAFS          | 22     | 22     | 22     | 22     | 22     | 22     | 22     | 22     | 22     | 22     | 22     | 22     | 22     | 286   | 22                   |
| RiskMgt       | 9      | 9      | 9      | 9      | 9      | 9      | 9      | 9      | 9      | 9      | 9      | 9      | 9      | 117   | 9                    |
|               | 154    | 154    | 154    | 154    | 154    | 154    | 154    | 154    | 154    | 154    | 154    | 154    | 154    | 2002  | 154                  |
| Legal         | 16     | 16     | 16     | 16     | 16     | 16     | 16     | 16     | 16     | 16     | 16     | 16     | 16     | 208   | 16                   |
| VPGen         | 2      | 2      | 2      | 2      | 2      | 2      | 2      | 2      | 2      | 2      | 2      | 2      | 2      | 26    | 2                    |
|               | 18     | 18     | 18     | 18     | 18     | 18     | 18     | 18     | 18     | 18     | 18     | 18     | 18     | 234   | 18                   |
| Ed & Cons Aff | 8      | 8      | 8      | 8      | 8      | 8      | 8      | 8      | 8      | 8      | 8      | 8      | 8      | 104   | 8                    |
| Reg Affairs   | 8      | 8      | 8      | 8      | 8      | 8      | 8      | 15     | 15     | 15     | 15     | 15     | 15     | 146   | 11                   |
| VP-Gov & Com  | 7      | 7      | 7      | 7      | 7      | 7      | 7      | 7      | 7      | 7      | 7      | 7      | 7      | 91    | 7                    |
|               | 23     | 23     | 23     | 23     | 23     | 23     | 23     | 30     | 30     | 30     | 30     | 30     | 30     | 341   | 26                   |
| Cust Svc      | 134    | 134    | 134    | 134    | 134    | 134    | 134    | 134    | 134    | 134    | 134    | 134    | 134    |       |                      |
| Adjustment    | -7     | -7     | -7     | -3     | -3     | -3     | -1     | -1     | -1     | -1     | -1     | -1     | -1     | 1705  | 131                  |
| SVP-Oper      | 3      | 3      | 3      | 3      | 3      | 3      | 3      | 3      | 3      | 3      | 3      | 3      | 3      | 39    | 3                    |
|               | 130    | 130    | 130    | 134    | 134    | 134    | 136    | 136    | 136    | 136    | 136    | 136    | 136    | 1744  | 134                  |
| CorpAudComp   | 12     | 12     | 12     | 12     | 12     | 12     | 12     | 12     | 12     | 12     | 12     | 12     | 12     | 156   | 12                   |
| President     | 5      | 5      | 5      | 5      | 5      | 5      | 5      | 5      | 5      | 5      | 5      | 5      | 5      | 65    | 5                    |
|               | 17     | 17     | 17     | 17     | 17     | 17     | 17     | 17     | 17     | 17     | 17     | 17     | 17     | 221   | 17                   |
| Gov Rel       | 3      | 3      | 3      | 3      | 3      | 3      | 3      | 3      | 3      | 3      | 3      | 3      | 3      | 39    | 3                    |
| SVP-Pub Aff   | 2      | 2      | 2      | 2      | 2      | 2      | 2      | 2      | 2      | 2      | 2      | 2      | 2      | 27    | 2                    |
|               | 5      | 5      | 5      | 5      | 5      | 5      | 5      | 5      | 5      | 6      | 5      | 5      | 5      | 66    | 5                    |
| Environ       | 24     | 24     | 24     | 24     | 24     | 24     | 24     | 24     | 24     | 24     | 24     | 24     | 24     | 312   | 24                   |
| Production    | 383    | 383    | 383    | 383    | 383    | 383    | 383    | 383    | 383    | 383    | 383    | 383    | 383    | 4979  | 383                  |
| PwrSup Eng    | 46     | 46     | 46     | 46     | 46     | 46     | 46     | 46     | 46     | 46     | 46     | 46     | 46     | 598   | 46                   |
| VP-Pwr Sup    | 2      | 2      | 2      | 2      | 2      | 2      | 2      | 2      | 2      | 2      | 2      | 2      | 2      | 26    | 2                    |
|               | 455    | 455    | 455    | 455    | 455    | 455    | 455    | 455    | 455    | 455    | 455    | 455    | 455    | 5915  | 455                  |
| VP-SpecProj   | 2      | 2      | 2      | 2      | 2      | 2      | 2      | 2      | 2      | 2      | 2      | 2      | 2      | 26    | 2                    |
|               | 2      | 2      | 2      | 2      | 2      | 2      | 2      | 2      | 2      | 2      | 2      | 2      | 2      | 26    | 2                    |
|               | 1541   | 1543   | 1543   | 1547   | 1547   | 1547   | 1550   | 1557   | 1557   | 1558   | 1556   | 1556   | 1556   | 20158 | 1550                 |

\*Excludes 11 employees covered under the DSM adjustment surcharge and reflects Customer Service's revised 2007 staffing plan.

\*\*Updated to reflect D&O 23258: Two DSM employees previously removed from employee counts are added back.



CA-IR-28

Please provide a complete copy of the most recently completed Federal and State income tax returns for HECO, including all supporting schedules.

HECO Response:

HECO stand-alone proforma federal and Hawaii income tax returns for 2005, which are extracted from the HEI consolidated income tax returns, are confidential and are being provided pursuant to Protective Order No. 23378, dated April 23 , 2007.



**Confidential Information Deleted  
Pursuant to Protective Order No. 23378**

CA-IR-28  
DOCKET NO. 2006-0386  
PAGES 2-37 OF 37

Pages 2-37 contain confidential information and are being provided subject to Protective Order  
No. 23378, dated April 23, 2007.



CA-IR-29

Please provide a complete copy of employee benefit documentation associated with each existing employee health, welfare or retirement plan, in the form currently provided to employees to advise them of such benefits.

HECO Response:

The requested information is voluminous and is available for inspection at HECO's Regulatory Affairs Division office, Suite 1301, Central Pacific Plaza, 220 South King Street, Honolulu, Hawaii. Please contact Dean Matsuura at 543-4622 to make arrangements to inspect the requested information.



CA-IR-30

- a. Has the Company initiated any individually significant efficiency or cost reduction programs since January 1, 2005?
- b. If affirmative, please identify and describe each such program and provide copies of all reports analyses, projections, workpapers and other documentation related to same.

HECO Response:

- a. Yes. See the response to b. HECO is continuously evaluating and reviewing programs that can result in efficiency improvements or cost reductions.
- b. Examples of such programs implemented since January 1, 2005 include:
  - 1. ABB HECO Strategic Alliance Agreement renewal – In March 2005, HECO renewed a Strategic Alliance Agreement with ABB Inc. Power Technologies Division. This strategic alliance agreement provides HECO with several benefits including services and products at discounted rates, priority scheduling for delivery of products and services, dedicated project management team from ABB, spare parts management, and discounted rates on software maintenance. The benefits to HECO are enumerated on pages 10 to 13 in the Agreement. A copy of the Agreement is included as Attachment 1 of this response. The Agreement is confidential and is provided pursuant to Amended Protective Order No. 23378, issued June 4, 2007.
  - 2. ESI Report – Please refer to HECO T-6 and the response to CA-IR-37.
  - 3. Kahe 6 Fuel Oil Additive – As part of the Kahe Opacity Mitigation Program, HECO implemented a comprehensive evaluation of fuel oil additives to increase the operating margin for environmental compliance with emission limits and thus reduce the risk of



finer due to noncompliance. The focus of this initiative was on Kahe Unit 6, which is subject to air quality permit emission limits for opacity and oxides of nitrogen. The evaluation included a field test of alternative fuel oil additives to select the optimal additive and the optimal dosage rate. Based on the results of the field test, HECO established as standard operating procedure the use of a calcium nitrate fuel oil additive for Kahe Unit 6. Use of this additive enabled HECO operators to achieve a significant increase in the operating margin for compliance with emission limits on both opacity and oxides of nitrogen, and thus has reduced significantly the risk of fines due to noncompliance.

HECO is continuing to implement programs that it initiated prior to January 1, 2005. Examples of these programs include the following (which the Company described in the response to CA-IR-56 in Docket No. 04-0113):

- o System and Equipment Reliability Prioritization ("SERP") pilot
- o Predictive Maintenance ("PdM") Program Implementation:
  - Substation PdM pilot
  - Implementation of a PdM organization in Substation
  - Maintenance Basis Training
- o Helicopter Borne – Airborne Inspection System ("AIS"), Infrared ("IR"), and Corona Inspections

Following the completion of the SERP pilot in 2003, System Criticality Rankings ("SCR") for all substations and circuits were developed by HECO employees based on the criticality of the equipment to the system. The Substation Predictive Maintenance Program ("PdM") pilot was completed in 2004, and implementation began in 2005. The SCRs



developed following the implementation of the SERP Program have been, and are being, used in the PdM Program to plan the order of work to fix identified problems on the equipment. Substation reports from inspections also provide a basis for determining the maintenance requirements for the substation equipment. In order to support the PdM Program, a PdM Engineer and a PdM Specialist were hired in 2005 and 2006 respectively. They inspect all of HECO's substations twice in one year. As part of their inspections, they perform IR scans on the substation equipment to determine if problems are developing.

The Construction and Maintenance ("C&M") Department is continuing to perform infrared and corona inspections from the ground or via helicopter for inaccessible areas. In addition, the C&M Department performs quarterly visual inspections of the transmission system from the ground or via helicopter. Additional information regarding these programs can be found in HECO's response to CA-IR-56 in Docket. No. 04-0113.

In addition, HECO has implemented the new Energy Management System and is implementing the new Outage Management System (as discussed in HECO T-7, pages 20-26, and in IR responses in this rate case, as well as in Docket Nos. 03-0360 and 04-0131), which will help HECO maintain and improve reliable system operations and service to its customers.



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Amended Protective Order No. 23378**

CA-IR-30  
DOCKET NO. 2006-0386  
ATTACHMENT 1  
PAGES 1-35 OF 35

Attachment 1 contains confidential information and is being provided subject to  
Amended Protective Order No. 23378, dated June 4, 2007.



CA-IR-31

**Ref: HECO-WP-101(C) - Comparative Annual Expense by Block/Account/Department.**

Please provide an updated version of this comparative expense summary substituting 2006 Actual (in place of 2006 Budget) data, in hard copy and electronic (excel) format.

**HECO Response:**

The updated version of HECO-WP-101(C) with recorded 2006 information in place of 2006 budget information (pages 2 to 52) is voluminous and is available for inspection at HECO's Regulatory Affairs Division office, Suite 1301, Central Pacific Plaza, 220 South King Street, Honolulu, Hawaii. Please contact Dean Matsuura at 543-4622 to make arrangements to inspect the requested information. The electronic version is being provided on a compact disc.



CA-IR-32

**Ref: HECO-WP-101(D) - Comparative Annual Expense by  
Block/Account/Department/RA/Labor-NonLabor.**

Please provide an updated version of this comparative expense summary substituting 2006 Actual (in place of 2006 Budget) data, in hard copy and electronic (excel) format.

**HECO Response:**

The updated version of HECO-WP-101(D) with recorded 2006 information in place of 2006 budget information (pages 2 to 497) is voluminous and is available for inspection at HECO's Regulatory Affairs Division office, Suite 1301, Central Pacific Plaza, 220 South King Street, Honolulu, Hawaii. Please contact Dean Matsuura at 543-4622 to make arrangements to inspect the requested information. The electronic version is being provided on a compact disc.



CA-IR-33

**Ref: HECO-WP-101(G) - Non-Labor Projected Test Year Expenses**  
**Block/Account/Department/RA/Activity/Location/EE.**

Please provide a report showing an alternative sort of Non-Labor actual expenses for the years 2002 through 2006 compared to budget 2007, using the following sort sequence: Block of Accounts/RA/Expense Element/Activity. Please provide your response in hard copy and electronic (excel) format.

**HECO Response:**

The report of recorded direct non-labor charges for 2002 through 2006 and the 2007 budget by block of accounts, account, expense element and activity (pages 2 to 322) is voluminous and is available for inspection at HECO's Regulatory Affairs Division office, Suite 1301, Central Pacific Plaza, 220 South King Street, Honolulu, Hawaii. Please contact Dean Matsuura at 543-4622 to make arrangements to inspect the requested information. The electronic version is being provided on a compact disc.



CA-IR-34

**Ref: HECO-WP-101(F) - Direct Labor Projected Test Year Expenses**  
**Block/Account/Department/RA/Activity/Location.**

Please provide a report showing an alternative sort of Direct Labor actual expenses for the years 2002 through 2006 compared to budget 2007, using the following sort sequence: Block of Account/RA/Expense Element/Activity. Please provide your response in hard copy and electronic (excel) format.

**HECO Response:**

The report of recorded direct labor charges for 2002 through 2006 and the 2007 budget by block of accounts, account, expense element and activity (pages 2 to 625) is voluminous and is available for inspection at HECO's Regulatory Affairs Division office, Suite 1301, Central Pacific Plaza, 220 South King Street, Honolulu, Hawaii. Please contact Dean Matsuura at 543-4622 to make arrangements to inspect the requested information. The electronic version is being provided on a compact disc.



CA-IR-35

**Ref: T-1, page 27, lines 22 to 28.**

- a. Is HECO using the same "O&M Expense Budget" for internal cost management monitoring purposes in 2007 that was developed and filed with the PUC for rate case purposes?
- b. If your response is anything but an unqualified "yes," please identify and describe each different type of budget that is developed in the normal course of business and explain the differences between HECO's 2007 rate case budget and each of its other 2007 internal cost management budget(s).

**HECO Response:**

- a. The 2007 O&M expense estimates that were filed with the PUC for rate case purposes were developed in early 2006 and reviewed and revised later in the year. As addressed in HECO T-1, pages 28-30 and HECO T-10, pages 39-41, the following types of adjustments generally were then made to the revised 2007 budget to arrive at the 2007 test year estimates:

- To simplify and limit issues in this proceeding, certain expenses such as non-qualified pension expenses, incentive compensation for employees and executives, 401(k) administration expenses, the expenses related to annual service awards, Executive Life Insurance and incremental DSM expenses were eliminated and,
- Adjustments were made to the O&M expense budget for ratemaking purposes to better represent "normal" ongoing Company operations for the period during which the proposed rates will be in effect.

After the 2007 budget was "frozen" for the development of the test year estimates, the budget was increased, primarily to reflect a \$657,000 increase in Ellipse migration expenses, to become the 2007 operating budget.

- b. See response to a. above.



CA-IR-36

**Ref: T-1, page 28, line 1.**

Please provide complete copies of all documents developed and circulated among HECO employees to inform them of common budget assumptions to be employed in the development of the rate case projections.

HECO Response:

See HECO response to CA-IR-26.



CA-IR-37

**Ref: T-1, page 11, line 17.**

Please provide the following information regarding the referenced EPRI Solutions, Inc. ("ESI") work that is described:

- a. A complete copy of the "report" prepared and issued by ESI.
- b. A copy of the engagement letter/contract memorializing the scope and nature of ESI work and funding for same.
- c. State whether any drafts were prepared by ESI and submitted to HECO prior to finalization of the document provided in response to part (a).
- d. If your response to part (c) is affirmative, please provide complete copies of each draft report, explaining the changes that were made to such draft(s) and the reasons for such changes.

**HECO Response:**

- a. The final report prepared by ESI, dated October 11, 2006, was filed with the PUC and the Division of Consumer Advocacy on October 20, 2006. The ESI final report and the October 20, 2006 transmittal letter and attachments are included as Attachment 1 of this response. Attachment 1 is voluminous and is available for inspection at HECO's Regulatory Affairs Division office, Suite 1301, Central Pacific Plaza, 220 South King Street, Honolulu, Hawaii. Please contact Dean Matsuura at 543-4622 to make arrangements to inspect the requested information.
- b. A copy of the Scope of Work for the ESI study, including estimated costs, is included as Attachment 2 of this response. Attachment 2 contains confidential information and will be



provided pursuant to Protective Order No. 23378, issued April 23, 2007.

- c. Yes.
- d. ESI submitted one draft report to HECO, and two preliminary drafts. The drafts were dated May 15, 2006, June 13, 2006, and July 17, 2006. HECO objects to providing "drafts" of reports on the grounds that the final report, and not drafts, represents the recommendations and report of ESI; preliminary drafts are deemed to be confidential, may be subject to the attorney-client privilege, and are not intended to be disclosed or made public; and requirements to produce preliminary drafts will unduly hamper the consultant/company relationship by discouraging the exchange of preliminary thoughts in written form. HECO further objects to the request that each change from draft to draft to final be "explained", and that "reasons" be provided for each change, based on the foregoing grounds and on the further grounds that such a request is overly broad and unduly burdensome.

Without waiving the foregoing objections, HECO will provide copies of the three draft reports (which are voluminous documents) under Protective Order No. 23378, issued April 23, 2007. These drafts are included as Attachments 3, 4, and 5 of this response. (ESI also submitted a version of the June 13<sup>th</sup> draft on July 5, 2006, but did not designate it as a draft, and the revisions are incorporated in the July 17<sup>th</sup> draft.)

From the May to the June preliminary drafts, changes were made to group the candidate actions by subject matter (such as scheduled overhauls, corrective/preventative maintenance, organizational changes, training, etc.), to add to the definitions and explanations to facilitate comprehension of complex material (since the report would not only be used internally, but would be provided to regulators), as well as to correct errors and improve readability. The major changes from the June draft to the July draft were the



addition of an Executive Summary, and some editing of the text in an attempt to better capture the intended benefits of the candidate actions that ESI was recommending. There were only a few minor corrections and editing changes from the July draft to the final report.



Attachment 1 is voluminous and available for inspection at HECO's Regulatory Affairs Division office, Suite 1301, Central Pacific Plaza, 220 South King Street, Honolulu, Hawaii. Please contact Dean Matsuura at 543-4622 to make arrangements to inspect the requested information.



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CA-IR-37  
DOCKET NO. 2006-0386  
ATTACHMENT 2  
PAGE 1-4 OF 4

Attachment 2 contains confidential information and will be provided pursuant to  
Protective Order No. 23378, issued April 23, 2007.



Attachment 3 is voluminous and available for inspection at HECO's Regulatory Affairs Division office, Suite 1301, Central Pacific Plaza, 220 South King Street, Honolulu, Hawaii. Please contact Dean Matsuura at 543-4622 to make arrangements to inspect the requested information. The Attachment contains confidential information and will be provided pursuant to Protective Order No. 23378, issued April 23, 2007.



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DOCKET NO. 2006-0386  
ATTACHMENT 4  
PAGE 1-72 OF 72

Attachment 4 is voluminous and available for inspection at HECO's Regulatory Affairs Division office, Suite 1301, Central Pacific Plaza, 220 South King Street, Honolulu, Hawaii. Please contact Dean Matsuura at 543-4622 to make arrangements to inspect the requested information. The Attachment contains confidential information and will be provided pursuant to Protective Order No. 23378, issued April 23, 2007.



Attachment 5 is voluminous and available for inspection at HECO's Regulatory Affairs Division office, Suite 1301, Central Pacific Plaza, 220 South King Street, Honolulu, Hawaii. Please contact Dean Matsuura at 543-4622 to make arrangements to inspect the requested information. The Attachment contains confidential information and will be provided pursuant to Protective Order No. 23378, issued April 23, 2007.



CA-IR-38     **Ref: HECO-106 - Proposed Rate Schedules.**

Please provide the Company's proposed rate schedules in electronic Word format, indicating by "track changes" or other editing markups each change being proposed to the existing tariffs.

HECO Response:

See the accompanying Word file.



CA-IR-39     **Ref: HECO-108 - Proposed Table of Contents and Rule 4.**

Please provide the Company's proposed rules in electronic Word format, indicating by "track changes" or other editing markups each change being proposed to the existing Table and Rule 4.

**HECO Response:**

See the accompanying Word file. The proposed modification to Rule No. 4 deletes the provision "D. Form Contract for Customer Retention", the accompanying contract form, and Attachments 1 through 4.



CA-IR-40     **Ref: HECO-110 - Proposed Rule No. 7 Changes.**

Please provide the Company's proposed Rule 7 pages in electronic Word format, indicating by "track changes" or other editing markups each change being proposed to the existing Rule 7.

HECO Response:

See the accompanying Word file.



CA-IR-41

**Ref: HECO-102, page 1 - Balance Sheet "Regulatory Assets."**

Please provide the following information regarding the Company's per book balance of "Regulatory Assets:"

- a. A detailed itemization of each item and amount within "Regulatory Assets" as of September 30, 2006 and December 31, 2006.
- b. Identify and describe each prior Hawaii PUC Decision or other authority relied upon to record each item listed in your response to part (a).
- c. Explain how each listed item is treated in your rate filing, indicating where any rate base or operating effects are recognized within filed Exhibits or Workpapers.
- d. State with specificity any amortization period or other accounting convention that is expected to control changes in the balance for each item listed in your response to part (a).

**HECO Response:**

- a. Please see page 16.
- b. The establishment of regulatory assets and regulatory liabilities results from guidance provided in Statement of Financial Accounting Standards ("SFAS") No. 71, "Accounting for the Effects of Certain Types of Regulation." Generally, SFAS No. 71 states that regulated entities may capitalize incurred costs if regulation provides assurance that those incurred costs will be recovered in the future. If there is current recovery of costs expected to be incurred in the future, then SFAS No. 71 states that those current receipts can be recognized as a regulatory liability. The regulatory assets recorded by the Company as presented on page 16, was established in accordance with SFAS No. 71.
  1. Unamortized Net SFAS No. 109 – This regulatory asset was established upon adoption of SFAS No. 109 "Accounting for Income Taxes", effective January 1, 1993. SFAS No. 109 includes requirements for: 1) items to be calculated and capitalized on a gross-



of-tax basis, 2) recognition of a deferred tax liability for the equity component of the allowance for funds used during construction, 3) establishment of deferred tax liabilities and assets to reflect changes in income tax laws and rates. Mr. Okada provides a detailed explanation and breakdown of the SFAS No. 109 regulatory asset in HECO T-15 and HECO-1507. Prior to the effective date of SFAS 109, AFUDC was capitalized to construction work in progress (CWIP) on a net of tax basis. Upon the adoption of SFAS 109, the debt portion of AFUDC was prospectively recognized on a gross-of-tax basis. However, for the AFUDC previously capitalized to CWIP on a net of tax basis, a one time transition adjustment was allowed whereby this gross-up adjustment was reflected in aggregate in the SFAS No. 109 regulatory asset, with the offsetting credit to the deferred income tax liability account. SFAS No. 109 also required the equity portion of AFUDC, and any flow thorough items that were previously excluded from deferred income tax treatment, to be presented on a gross-of-tax basis. This adjustment is recorded in the SFAS No. 109 regulatory asset, with an offsetting credit to the deferred income tax liability account. The SFAS No. 109 regulatory asset also includes the net tax effects resulting from tax rate changes.

The inclusion of the SFAS No. 109 regulatory asset in rate base was accepted by the Commission in Decision and Order No. 13704 (dated December 28, 1994) as amended by Order No. 13718 (dated January 5, 1995) in Docket No. 7700 ("HECO 1994 Decision") in HECO's test year 1994 rate case. It was also accepted in Decision and Order No. 14412 (dated December 11, 1995) in Docket No. 7766 ("HECO 1995 Decision"), HECO's test year 1995 rate case. It was also accepted by the Commission in Interim Decision and Order No. 22050 (dated September 27, 2005) in Docket No.



04-0113 ("HECO 2005 Interim Decision") and accepted by all parties, which was documented in the stipulated settlement letter, dated September 16, 2005 ("HECO 2005 Stipulation") in HECO's test year 2005 rate case.

The unamortized net SFAS No. 109 regulatory asset is included in rate base as an investment in assets. There is an equal and offsetting amount included in accumulated deferred income tax in funds from non-investors. Mr. Okada presents this reconciliation in HECO-1507. There is no net impact on rate base.

The regulatory asset balance increases for the tax gross-up of any AFUDC equity recorded for any Construction Work In Progress ("CWIP"). In general, the regulatory asset balance is amortized based on the reversal of the underlying timing differences. Mr. Okada explains the amortization calculations and ratemaking treatment of the amortization of the SFAS No. 109 regulatory asset in HECO T-15.

2. Unamortized Debt Expenses – This regulatory asset is comprised of unamortized debt issue costs and premiums paid on the early retirement of debt. It is also comprised of unamortized issue costs for redeemed hybrid securities. For financial reporting purposes, any unamortized debt issue costs and premiums paid related to an issue of long-term debt would normally be charged to expense upon retirement. However, in lieu of recording these unamortized costs to expense, for financial statement purposes, HECO records a regulatory asset in accordance with SFAS No. 71, as these amounts are expected to be recovered in future rates. HECO records the balance of any unamortized debt issue costs and premiums paid upon retirement for long-term debt as a regulatory asset and amortizes the balance over the remaining original life of the debt. Recording a regulatory asset was established in conjunction with Decision and Order No. 11317



dated October 17, 1991, in Docket No. 6531. The Commission allowed HECO to include the annual amortization of the early retirement premiums and unamortized debt issue costs associated with the series U first mortgage bonds retired in the calculation of the cost of long-term debt. This methodology is consistent with that presented in recent rate cases, including Docket No. 04-0113, HECO's test year 2005 rate case and in Docket No. 7766, HECO's test year 1995 rate case. It has been accepted by the Commission in Interim D&O No. 22050 and in D&O No. 14412, respectively.

Similar to unamortized debt expenses, any unamortized issue costs related to a hybrid security would also normally be charged to expense upon redemption. However, in lieu of recording these unamortized costs to expense, for financial statement purposes, HECO records a regulatory asset in accordance with SFAS No. 71 as these amounts are expected to be recovered in future rates. Similar to the amortized debt expenses, the annual amortization of the unamortized issue costs for the redeemed hybrid securities are included in the calculation of the cost of hybrid securities. This methodology is consistent with that presented in recent rate cases, including Docket No. 04-0113, HECO's test year 2005 rate case and in Docket No. 7766, HECO's test year 1995 rate case. It has been accepted by the Commission in Interim D&O No. 22050 and in D&O No. 14412, respectively.

The annual amortization expenses are included in the total annual requirement. The effective cost of long-term debt is then determined by dividing the total annual requirement by the total net proceeds of the bond issues and total proceeds of the hybrid securities. This calculation is shown in HECO-1903 for long-term debt and in HECO-1904 for the hybrid securities. It is discussed by Ms. Tayne Sekimura in HECO T-19.



The effective cost of long-term debt is included in the calculation of required operating income which is included in test year revenue requirements.

3. Unamortized SFAS No. 106 Postretirement Benefits Other Than Pensions ("OPEB") –

This regulatory asset arose from the issuance of SFAS No. 106 "Employers' Accounting for Postretirement Benefits Other Than Pensions." For financial reporting purposes, SFAS No. 106 required that the Company recognize OPEB costs on an accrual basis and applied to the Company beginning January 1, 1993. The Commission addressed the issue of accounting for OPEB in Docket No. 7243 and 7233 (consolidated). In Interim Decision and Order No. 12286 dated April 6, 1993 the Commission allowed HECO to establish a regulatory asset for costs calculated on an accrual basis in excess of the amounts calculated on a pay-as-you-go basis for the period January 1, 1993 to December 31, 1994. In Decision and Order No. 13659, dated November 29, 1994, The Commission specified that this regulatory asset was to be amortized over an 18-year period beginning on January 1, 1995.

The unamortized SFAS No. 106 OPEB regulatory asset is included in rate base as an investment in assets as shown in HECO-1701. An off-setting amount for the OPEB transition is included in the OPEB liability and is also included in rate base, therefore the net impact on rate base is zero. The annual amortization of the OPEB regulatory asset is reflected in employee benefits expense, as shown in HECO-1203 and discussed by Ms. Julie Price in HECO T-12.

4. Vacation Liability not yet taken - This regulatory asset represents vacation earned by employees (i.e. recognized as a liability for financial statement purposes) but not yet taken (i.e. not paid and not yet included in ratemaking expense). For financial reporting



purposes, GAAP normally requires the accrual of a liability and recognition of the expense for vacation earned by employees but not yet taken. Under SFAS No. 71, for financial statement purposes, HECO records the amounts earned but not yet paid as a regulatory asset because these amounts are expected to be recovered in future rates. There is an off-setting accrued liability of the same amount recorded for financial statement purposes. For ratemaking purposes, vacation expense is recorded on the pay-as-you-go method and is recognized in the period in which the vacation is taken. The recovery of vacation expense in the test year revenue requirements on a pay-as-you-go basis is consistent with the Company's presentation in Docket No. 04-0113, HECO's test year 2005 rate case and in Docket No. 7766, HECO's test year 1995 rate case. It has been accepted by the Commission in D&O No. 14412 and in Interim D&O No. 22050, respectively.

This regulatory asset is not included in rate base. An estimate of test year vacation expenses is included in the 2007 test year as a component of labor expense. Labor expense within specific functional areas are discussed by the respective witnesses.

Any changes in the balance of vacation liability not yet taken, is recorded to both the regulatory asset and the accrued liability. As vacation is taken by employees, the value of the vacation is reclassified from regulatory asset to expense.

5. Demand Side Management ("DSM") Costs – This regulatory asset represents the incremental DSM program costs incurred, in excess of the recovery of these costs through the DSM surcharge. There is a timing lag between the recognition of the DSM program costs and the receipt of the DSM surcharge to recover these costs. For financial statement purposes, DSM program costs would normally be expensed as



incurred. However, in lieu of recording these costs to expense, HECO records a regulatory asset in accordance with SFAS No. 71, as these amounts are expected to be recovered through the DSM surcharge in the future. As such, the Company has established this regulatory asset to ensure that the recognition of DSM program costs will match the receipt of the DSM surcharge and the recognition of revenue. The Commission allows HECO to recover incremental DSM program costs through a DSM surcharge which was approved in D&O No. 14638, dated April 22, 1996, in Dockets No. 94-0010, 94-0011 and 94-0012 (consolidated). In D&O No. 14638, the Commission also allows HECO to accrue interest at a rate equal to the weighted average cost of capital authorized in the most recent rate case on any over or under collections. HECO is also required to file an Annual Program Accomplishments and Surcharge Report detailing the DSM program costs incurred and revenues received through the surcharge.

This regulatory asset is not included in rate base and is charged to expense as revenues are received via the DSM surcharge. As the regulatory asset balance accrues interest it is not included in rate base. Further, as the incremental DSM costs are recovered via a separate surcharge, and not through base rates, these expenses are not reflected in the 2007 test year.

The regulatory asset increases when incremental DSM costs are incurred. The regulatory asset decreases when revenues are received via the DSM surcharge.

6. Unamortized Investment Income Differential – This regulatory asset is comprised of unamortized investment income differentials related to issues of long-term debt that are retired early. For financial reporting purposes, any unamortized investment income



differentials related to an issue of long-term debt would normally be charged to expense upon retirement. However, in lieu of recording the unamortized investment income differentials to expense, HECO records a regulatory asset in accordance with SFAS No. 71, as these amounts are expected to be recovered in future rates. This treatment is similar to how HECO treats the unamortized debt and hybrid securities expenses. HECO records a regulatory asset for the balance of any unamortized investment income differentials and amortizes the balance over the remaining original life of the debt. The annual amortization is included in the calculation of the cost of long-term debt. This methodology is consistent with the Company's treatment of amortized debt issue costs as previously discussed. Inclusion of the annual amortization in the calculation of the cost of long-term debt has been presented in recent rate cases including Docket No. 04-0113, HECO's test year 2005 rate case and in Docket No. 7766, HECO's test year 1995 rate case. It has been accepted by the Commission in Interim D&O No. 22050 and in D&O No. 14412, respectively.

The annual amortization expenses are included in the total annual requirement. The effective cost of long-term debt is then determined by dividing the total annual requirement by the total net proceeds of the bond issues. This calculation is shown in HECO-1903 and discussed by Ms. Tayne Sekimura in HECO T-19. The effective cost of long-term debt is included in the calculation of required operating income which is included in test year revenue requirements.

7. Unamortized Preferred Stock Expenses – This regulatory asset is comprised of unamortized issuance and redemption costs paid on the redemption of preferred stock issuances. For financial reporting purposes, any unamortized issuance and redemption



costs related to a preferred stock issue would normally be charged to expense upon retirement. However, in lieu of recording these unamortized costs to expense, HECO records a regulatory asset in accordance with SFAS No. 71, as these amounts are expected to be recovered in future rates. This treatment is similar to how HECO treats the unamortized debt and hybrid securities expenses and the unamortized investment income differentials as previously discussed. HECO records a regulatory asset for the balance of any unamortized issuance and redemption costs and amortizes the balance over 30 years. This amortization period represents the estimated life of the hybrid securities whose proceeds were used to redeem the preferred stock.

The annual amortization is included in the calculation of the cost of long-term debt. This methodology is consistent with the Company's treatment of amortized debt issue costs, amortized hybrid issue costs and amortized investment income differentials as previously discussed. Inclusion of the annual amortization in the calculation of the cost of preferred stock has been presented in recent rate cases including Docket No. 04-0113, HECO's test year 2005 rate case and in Docket No. 7766, HECO's test year 1995 rate case. It has been accepted by the Commission in Interim D&O No. 22050 and in D&O No. 14412, respectively.

The annual amortization expenses are included in the total annual requirement. The effective cost of the preferred stock is then determined by dividing the total annual requirement by the total net proceeds of the preferred stock issues. This calculation is shown in HECO-1905 and discussed by Ms. Tayne Sekimura in HECO T-19. The effective cost of preferred stock is included in the calculation of required operating income which is included in test year revenue requirements.



8. Barbers Point Project – This regulatory asset is the unamortized balance of costs incurred to construct a power plant which was not built due to changes in circumstances. For financial reporting purposes, costs in CWIP would normally be charged to expense and preliminary engineering costs would be allocated to ongoing active capital projects. However, for this specific project, HECO recorded a regulatory asset for the balance of any unamortized incurred costs related to the project and is amortizing through December 31, 2008. This regulatory asset was approved by the Commission in Decision and Order No. 18872 dated September 5, 2001, in Docket No. 95-0047. The amortization of this regulatory asset was further adjusted through agreement with the Parties which was documented in Exhibit V of the HECO 2005 Test Year Rate Case Stipulation.

This regulatory asset is not included in rate base. As a result of the HECO 2005 Stipulation, the unamortized balance as of June 30, 2005 is being amortized through December 31, 2008. Therefore, an annual amortization expense of approximately \$321,000 is included in the 2007 test year and is presented by Mr. Dan Giovanni in HECO T-6.

9. Rate Case Costs – This regulatory asset represents external costs incurred by HECO in its 2005 test year rate case and the current 2007 test year rate case. For financial reporting purposes external costs incurred for a rate case proceeding would normally be expensed. However, in the HECO 2005 Stipulation, the Parties agreed that the external costs incurred by HECO for the 2005 test year rate case could be deferred and amortized to expense over a 3-year period beginning in October 2005. For ratemaking purposes this amortization expense would be included in revenue requirements and be



recovered. Approximately \$198,000 of amortization expense was reflected as Regulatory Commission Expense and included in the 2005 test year as provided in the HECO 2005 Stipulation.

HECO has not included a regulatory asset in rate base for estimated external costs to be incurred for the 2007 test year rate case. HECO has also not included in rate base the unamortized balance of any external costs deferred for the 2005 test year rate case. However, HECO has included an estimate of the annual amortization of the estimated costs incurred for the 2007 test year rate case as an expense in the revenue requirement. As explained by Mr. Bruce Tamashiro in HECO T-13 and presented in HECO-1303, HECO has included \$283,000 in regulatory commission expense in the 2007 test year. This represents the estimated test year amortization (amortized over three years) of \$849,000 of deferred external costs HECO expects to incur, related to the 2007 test year rate case. It does not include the amortization of any of the external costs deferred related to the 2005 test year rate case.

10. SFAS No. 112 Costs - This regulatory asset represents HECO's expected Long Term Disability ("LTD") liability for disability and medical coverage payments to employees and health benefit payments to survivors of LTD employees. Recording of the regulatory asset arose from the issuance of SFAS No. 112 "Employers' Accounting for Postemployment Benefits". For financial reporting purposes, SFAS No. 112 requires the accrual of a liability and would normally require the recognition of the expense for LTD benefits incurred but not yet paid. However, in lieu of recording these LTD benefit costs as expense for financial statement purposes, HECO records a regulatory asset in accordance with SFAS No. 71 as these costs are expected to be recovered in



future rates. There is an off-setting accrued liability of the same amount recorded for financial statement purposes. For ratemaking purposes, LTD benefit costs are recorded on a pay-as-you-go basis and are recognized in the period in which it is paid. The recovery of LTD benefit costs in the test year revenue requirements on a pay-as-you-go basis is consistent with the Company's presentation in Docket No. 04-0113, HECO's test year 2005 rate case and in Docket No. 7766, HECO's test year 1995 rate case. It has been accepted by the Commission in Interim D&O No. 22050 and in D&O No. 14412, respectively.

This regulatory asset is not included in rate base. An estimate of LTD benefit payments are included in the 2007 test year as employee benefit expenses and is discussed by Ms. Patsy Nanbu in HECO T-10 and by Ms. Julie Price in HECO T-12.

Any change in the LTD benefit liability is recorded to both the regulatory asset and the accrued liability. As LTD benefits are paid, the amounts are reclassified from regulatory asset to expense.

11. Lease Rent Expense – This regulatory asset represents the difference between the straight line lease rent expense recognized and the lease rent paid. For financial reporting purposes, lease rent expense would normally be recognized over the term of a lease on a straight line basis (i.e. equally over the term of the lease) even if the lease rent increases over the lease term. HECO entered into a lease agreement in 2005 for the King Street building, which was presented in Docket No. 04-0113, HECO's test year 2005 rate case. Under the terms of this lease, the lease rent payments increase over the term of the lease. For financial reporting purposes, HECO would normally recognize lease rent expense on a straight line basis. In the HECO 2005 Stipulation, the Parties



agreed that for ratemaking purposes, the lease rent expense included in the test year revenue requirements should be based on the actual lease rent paid. Therefore, in lieu of recording lease rent expense on a straight line basis for financial statement purposes, HECO records a regulatory asset in the amount of the difference between the straight line lease rent expense and the lease rent paid as agreed to in the 2005 Stipulation. Recording of this regulatory asset is in accordance with SFAS No. 71, as these costs are expected to be recovered in future rates.

This regulatory asset is not included in rate base. The regulatory asset balance is adjusted monthly based on the straight-line lease rent expense that would be recognized for financial reporting purposes and the actual lease rent payments made. The lease rent expense presented in the 2007 test year is based on the estimated lease rent payments under the current lease terms. This is presented by Mr. Bruce Tamashiro in HECO T-13 and shown on HECO-1305.

12. Asset Retirement Obligation (“ARO”) – This regulatory asset represents HECO’s cost of removal for certain assets as calculated under Financial Accounting Standards Board (“FASB”) Interpretation No. 47, “Accounting for Conditional Asset Retirement Obligation” (“FIN No. 47”), adopted in December 2005. Under FIN No. 47, HECO was required to measure and record the ARO liability (with an offsetting entry to increase the cost of the asset), from the time it would have been recognized, had the provisions of FIN No. 47 been in effect when the liability was incurred, to the date of the adoption of FIN No. 47. The accumulated accretion in the cost of the ARO liability as well as the accumulated depreciation expense of the increased asset cost over this period of time is also included in the cumulative adjustment. For financial reporting



purposes, this cumulative accretion and depreciation would normally be recognized as an expense. However, in lieu of recording these costs as expense for financial statement purposes, HECO records a regulatory asset in accordance with SFAS No. 71 as these costs are expected to be recovered in future rates. A portion of these costs has been recovered through the recovery of removal costs, which is included in depreciation expense. The recovery of removal costs is recorded as a regulatory liability for removal costs and is discussed in response to CA-IR-42. This portion of removal costs related to the recorded ARO has been reclassified from the regulatory liability for removal costs.

This regulatory asset was erroneously excluded from rate base in direct testimony. However, at the next available opportunity the Company will include an estimate of the average ARO regulatory asset in the test year. As described by Mr. Bruce Tamashiro in HECO T-13, there should be no impact on rate base from the adoption of FIN No. 47 and from the recording of ARO. The net book value of the asset cost related to the ARO, plus the regulatory asset, net of the ARO liability should sum to zero. The regulatory asset represents the deferral of accreted costs the Company incurs to remove certain plant assets in the future. These plant assets are currently in service and are used for public utility purposes to the benefit of all ratepayers. Exclusion of the regulatory asset from rate base doesn't allow investors the opportunity to earn a return on their investment in plant in service as the related ARO liability reduces the net cost of plant in service as presented in HECO-WP-1702. Inclusion of this regulatory asset in rate base will result in no impact on rate base from the adoption of FIN No. 47.

The regulatory asset is increased to account for the accretion in the ARO liability as well as to account for the depreciation of the remaining cost of the asset. The



regulatory asset would be decreased upon retirement of the applicable assets and the costs to remove the asset are incurred. FIN No. 47 is further described by Mr. Bruce Tamashiro in HECO T-13.

- c. Please see discussion of each item in section b. above.
- d. Please see discussion of each item in section b. above.



| Item | Description                                   | <u>9/30/2006</u> | <u>12/31/2006</u> |
|------|---|------------------|-------------------|
| 1    | Unamortized Net SFAS 109 Regulatory Asset     | 53,047,174       | 53,484,075        |
| 2    | Unamortized Debt Expenses                     | 8,068,479        | 7,911,441         |
| 3    | Unamortized SFAS 106 OPEB<br>Regulatory Asset | 8,136,390        | 7,810,925         |
| 4    | Vacation Liability not yet taken              | 4,496,899        | 4,211,482         |
| 5    | DSM Costs                                     | 2,803,676        | 4,120,083         |
| 6    | Unamortized Investment Income Differential    | 1,376,295        | 1,348,074         |
| 7    | Unamortized Preferred Stock Expense           | 1,225,660        | 1,211,889         |
| 8    | Barbers Point Project                         | 723,214          | 642,857           |
| 9    | Rate Case Costs                               | 523,130          | 575,022           |
| 10   | Reg asset established under SFAS 112          | 486,748          | 504,922           |
| 11   | Lease Rent Expense                            | 238,052          | 268,142           |
| 12   | Asset Retirement Obligation ("ARO")           | 42,431           | 26,753            |
|      |   | <hr/> 81,168,149 | <hr/> 82,115,666  |



CA-IR-42

**Ref: HECO-102, page 2 - Balance Sheet "Regulatory Liabilities."**

Please provide the following information regarding the Company's per book balance of "Regulatory Liabilities:"

- a. A detailed itemization of each item and amount within "Regulatory Liabilities" as of September 30, 2006 and at December 31, 2006.
- b. Identify and describe each prior Hawaii PUC Decision or other authority relied upon to record each item listed in your response to part (a).
- c. Explain how each listed item is treated in your rate filing, indicating where any rate base or operating effects are recognized within filed Exhibits or Workpapers.
- d. State with specificity any amortization period or other accounting convention that is expected to control changes in the balance for each item listed in your response to part (a).

**HECO Response:**

- a. Please see page 3.
- b. The establishment of regulatory assets and regulatory liabilities results from guidance provided in Statement of Financial Accounting Standards ("SFAS") No. 71, "Accounting for the Effects of Certain Types of Regulation." Generally, SFAS No. 71 states that regulated entities may capitalize incurred costs if regulation provides assurance that those incurred costs will be recovered in the future. If there is current recovery of costs expected to be incurred in the future, than SFAS No. 71 states that those current receipts can be recognized as a regulatory liability. The regulatory liability presented on page 3, was established in accordance with SFAS No. 71.

The regulatory liability for removal costs represents the accumulated amount of removal costs that have been included in depreciation expense in the past and which have been recovered in rates. In early 2004, HECO received guidance from the Securities and Exchange Commission requiring that for financial statement purposes, the accumulated



removal costs previously included in accumulated depreciation should instead be presented as a liability. This amount was reclassified from accumulated depreciation to regulatory liability for removal costs as of December 31, 2003. It was presented in Docket No. 04-0113, HECO's test year 2005 rate case and accepted by the Commission in Interim Decision and Order No. 22050 (dated September 27, 2005) and accepted by all parties as documented in the stipulated settlement letter, dated September 16, 2005 ("HECO 2005 Stipulation") in HECO's test year 2005 rate case.

- c. The presentation of the regulatory liability for removal costs in this rate case reclassifies accumulated removal costs from accumulated depreciation. Therefore, in substance, there has been no change to the accounting method for rate making or for financial statement purposes. Further, the reclassification has no impact to operating expenses or to rate base. The regulatory liability for removal costs is presented as a component of net cost of plant in service and is shown in HECO-WP-1702.
- d. The balance of the regulatory liability for removal costs will change based on the amount of removal costs included in depreciation expense, as well as the removal costs incurred for any assets that are retired.



| <u>Description</u>                     | <u>9/30/2006</u> | <u>12/31/2006</u> |
|--|------------------|-------------------|
| Regulatory Liability for Removal Costs | 160,807,573      | 164,616,984       |



CA-IR-43

**Ref: T-1, page 29, line 23 - Eliminated Costs; HECO-104, pages 24 to 29 - Executive Compensation.**

Please provide a detailed itemization of any amounts of HEI-allocated or HECO directly-incurred expenses associated with the listed (on page 24 of HECO-104) Executive Salary, Executive Bonus, Restricted Stock, Options, Stock Appreciation Rights, LTIP or any other stock-based compensation program that were not eliminated by the company in preparing its rate filing.

**HECO Response:**

All amounts of HEI-allocated or HECO directly-incurred expenses associated with Executive Bonus, Restricted Stock, Options, Stock Appreciation Rights, LTIP or other stock-based compensation program were excluded in determining the test year estimates. See HECO-1007, pages 1-6, notes 7 and 25, and the discussion at HECO T-10, pages 8-10.

Salaries for HECO executives are included in the test year estimate for A&G labor costs in Account No. 920 as addressed by Ms. Patsy Nanbu in HECO T-10.



CA-IR-44

**Ref: HECO-WP-201 - "HECO August 2006 Sales Forecast,"**

Please provide a complete copy of the most detailed available documentation in support of this forecast, including but not limited to Forecast Planning Committee Reports, Energy Services Analysis reports, data tables, alternative scenarios and economic outlook documentation that was relied upon.

**HECO Response:**

The requested information for detailed documentation in support of the August 2006 sales forecast is voluminous and is available for inspection at HECO's Regulatory Affairs Division office, Suite 1301, Central Pacific Plaza, 220 South King Street, Honolulu, Hawaii. Please contact Dean Matsuura at 543-4622 to make arrangements to inspect the requested information. The electronic versions of the main files used for the forecast are being provided on a compact disc.



CA-IR-45

**Ref: HECO-204, HECO-205, HECO-207, HECO-208, HECO-209, HECO-210 and HECO-211.**

For **each** of the referenced Exhibits, please provide the following information:

- a. An updated data table and graph including actual 2006 data in place of the 2006 forecasted information.
- b. Actual cooling degree day ("CDD") data for each year.
- c. Provide Weather Normalized Use/Average Customer and Billed Sales in each actual year 1995 through 2006.

Provide the calculation algorithms employed to determine the response to part (c) of this information request in each year.

**HECO Response:**

- a. See attached. The electronic version of the data is provided on a CD.
- b. See attached. The electronic version of the data is provided on a CD.
- c. See attached for the annual data from 1997 – 2006. The detailed weather normalization calculation is provided electronically on a CD. HECO does not have the weather normalized billed sales data for 1995 – 1996 readily available.

HECO previously used weather normalized adjusted sales in its short term forecasts such as the residential use and commercial business sector analysis models. As discussed in HECO T-2, pages 4-5 and 11-12, HECO adopted short term econometric and time series models that do not use weather normalized sales in the August 2006 forecast to improve its forecast process and to better account for weather effects. These models use weather as an independent explanatory variable in forecast equations rather than weather normalizing sales prior to fitting forecast models. HECO believes this strengthens the forecasting process by allowing the relationship between sales and weather to be modeled in the equation rather

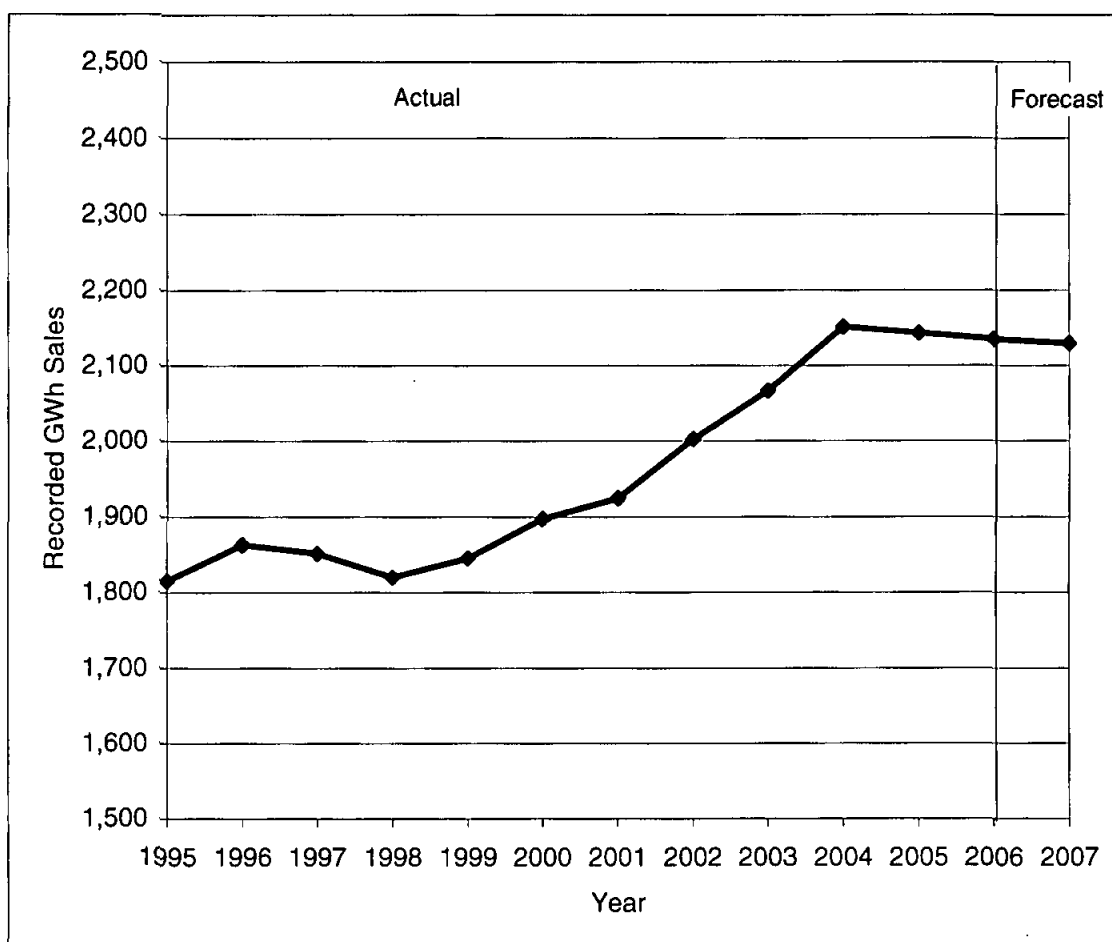


than attempting to normalizing the sales in a separate process prior to use in the models.

In the course of developing the 2007 sales forecast, HECO reviewed the results of several different types of models and forecast approaches. In some of the simpler models that do not incorporate explanatory weather variables, weather normalized data adjusted for historical DSM and other impacts were used. Typically these models are simple time series models that do not incorporate any explanatory variables for weather and economic drivers and rely solely on the trends within the sales data time series.



**Hawaiian Electric Company, Inc.**  
**SCHEDULE R - RESIDENTIAL SERVICE**

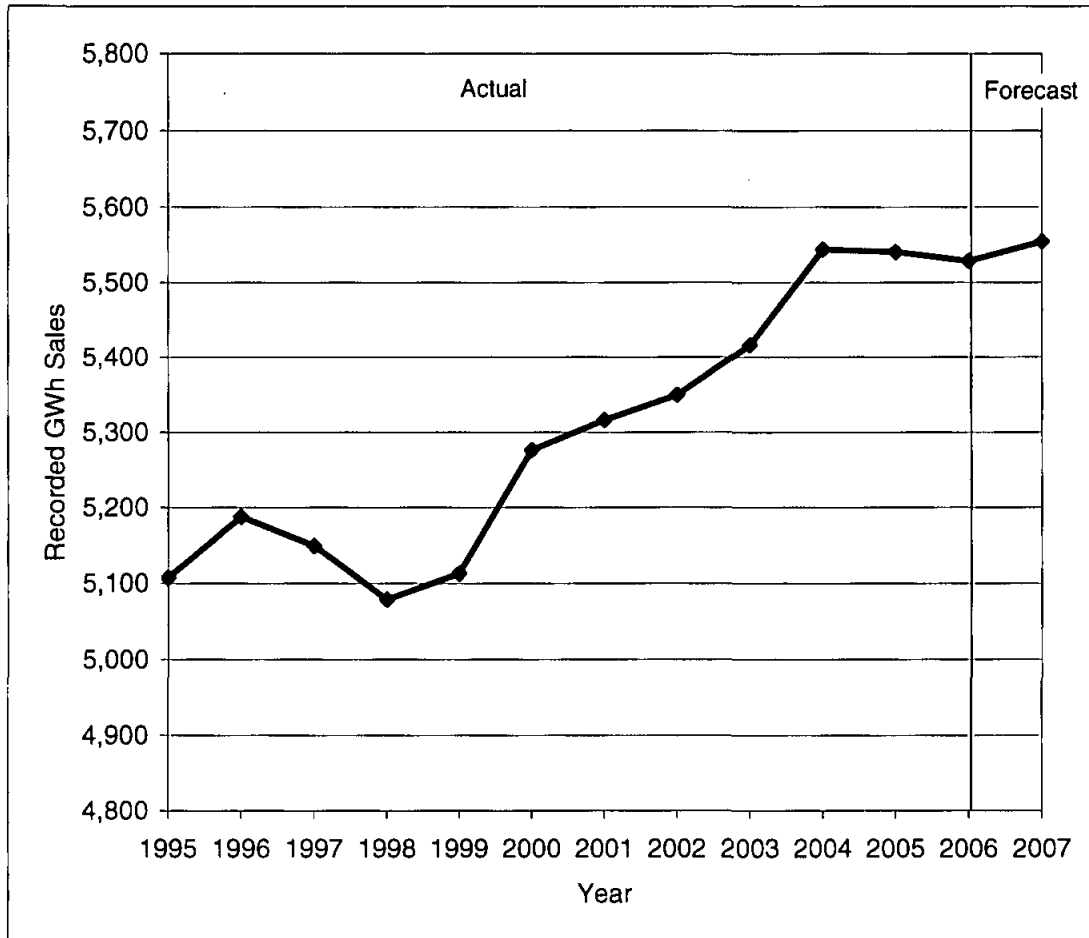


|          | Year | Recorded<br>GWh Sales * | Customers | Use/Customer |
|----------|------|-------------------------|-----------|--------------|
| Recorded | 1995 | 1,815.7                 | 234,832   | 7,732        |
|          | 1996 | 1,863.4                 | 236,849   | 7,867        |
|          | 1997 | 1,852.2                 | 238,269   | 7,774        |
|          | 1998 | 1,820.8                 | 239,487   | 7,603        |
|          | 1999 | 1,846.0                 | 241,167   | 7,654        |
|          | 2000 | 1,897.7                 | 243,511   | 7,793        |
|          | 2001 | 1,924.4                 | 246,226   | 7,816        |
|          | 2002 | 2,002.7                 | 248,765   | 8,051        |
|          | 2003 | 2,066.5                 | 251,248   | 8,225        |
|          | 2004 | 2,151.3                 | 253,670   | 8,481        |
|          | 2005 | 2,142.5                 | 256,269   | 8,360        |
| Forecast | 2006 | 2,134.4                 | 258,793   | 8,248        |
|          | 2007 | 2,128.9                 | 261,302   | 8,147        |

\* 1995-2006 are recorded sales. 2007 is forecasted sales assuming average weather.



**Hawaiian Electric Company, Inc.  
TOTAL COMMERCIAL**

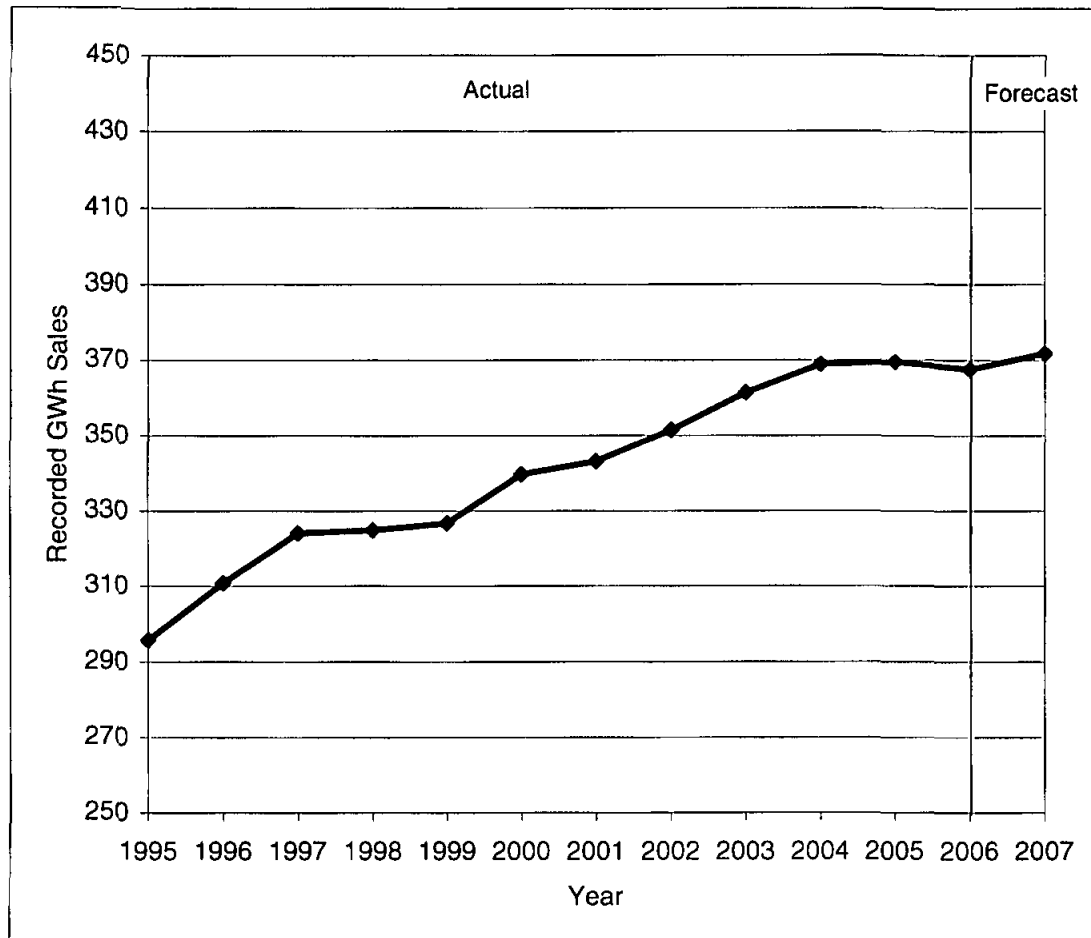


|          | Year | Recorded<br>GWh Sales * | Customers |
|----------|------|-------------------------|-----------|
| Recorded | 1995 | 5,107.4                 | 33,053    |
|          | 1996 | 5,188.0                 | 33,093    |
|          | 1997 | 5,149.2                 | 32,782    |
|          | 1998 | 5,078.7                 | 32,469    |
|          | 1999 | 5,113.4                 | 32,447    |
|          | 2000 | 5,276.2                 | 32,526    |
|          | 2001 | 5,315.9                 | 32,890    |
|          | 2002 | 5,349.9                 | 32,724    |
|          | 2003 | 5,416.5                 | 32,890    |
|          | 2004 | 5,543.9                 | 33,180    |
|          | 2005 | 5,541.0                 | 33,356    |
| Forecast | 2006 | 5,528.7                 | 33,383    |
|          | 2007 | 5,554.1                 | 33,881    |

\* 1995-2006 are recorded sales. 2007 is forecasted sales assuming average weather.



**Hawaiian Electric Company, Inc.  
SCHEDULE G - GENERAL SERVICE**

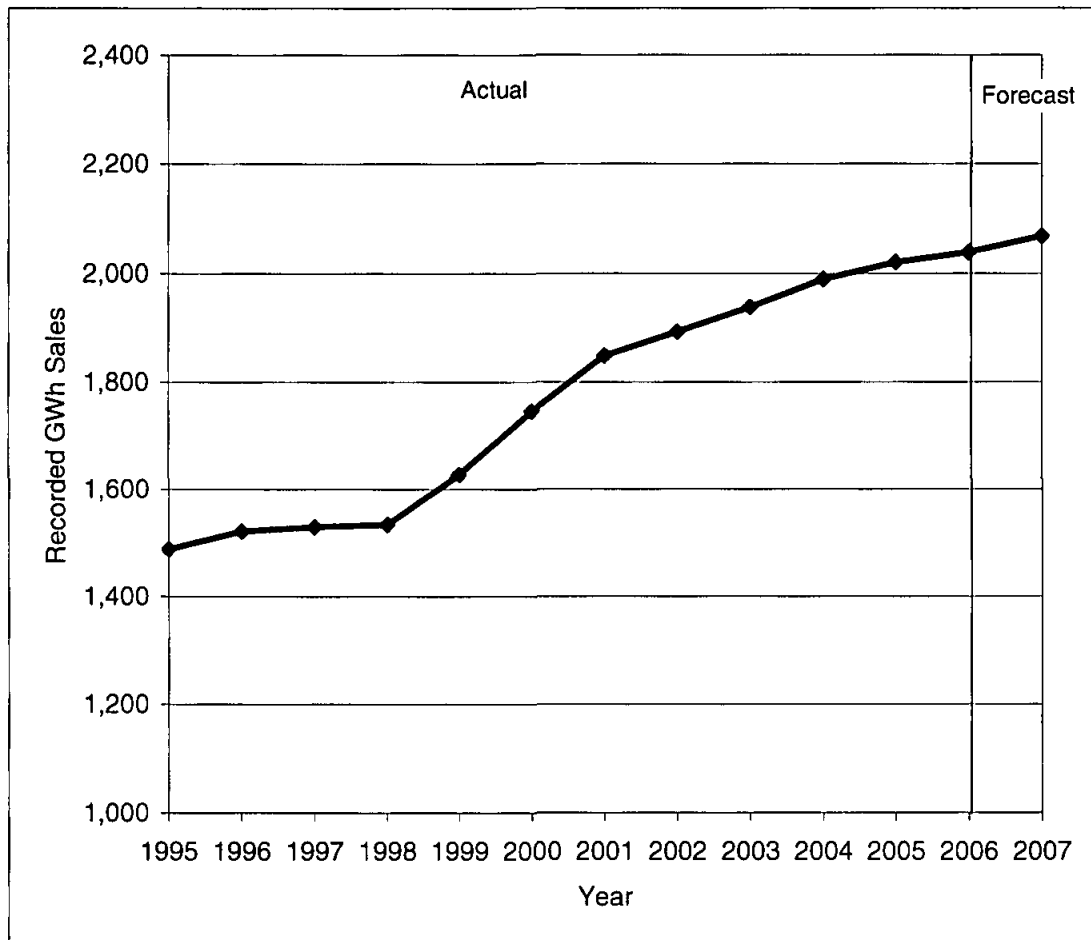


|          | Year | Recorded<br>GWh Sales * | Customers |
|----------|------|-------------------------|-----------|
| Recorded | 1995 | 295.7                   | 22,793    |
|          | 1996 | 310.8                   | 23,075    |
|          | 1997 | 324.2                   | 23,176    |
|          | 1998 | 325.0                   | 23,181    |
|          | 1999 | 326.8                   | 23,274    |
|          | 2000 | 339.7                   | 23,605    |
|          | 2001 | 343.2                   | 24,507    |
|          | 2002 | 351.5                   | 24,710    |
|          | 2003 | 361.4                   | 24,952    |
|          | 2004 | 368.8                   | 25,245    |
| Forecast | 2005 | 369.5                   | 25,533    |
|          | 2006 | 367.5                   | 25,590    |
|          | 2007 | 371.8                   | 26,032    |

\* 1995-2006 are recorded sales. 2007 is forecasted sales assuming average weather.



**Hawaiian Electric Company, Inc.**  
**SCHEDULE J - GENERAL SERVICE DEMAND**

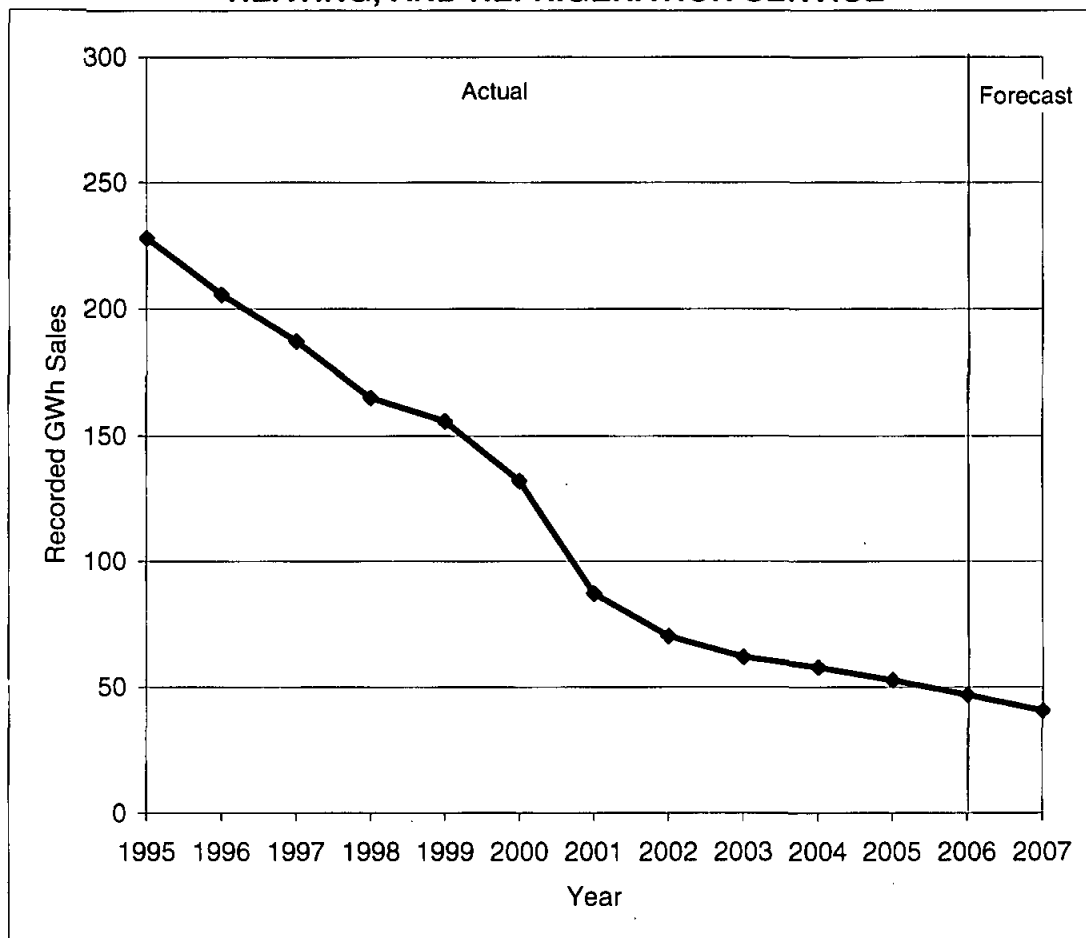


|          | Year | Recorded<br>GWh Sales * | Customers |
|----------|------|-------------------------|-----------|
| Recorded | 1995 | 1,487.9                 | 5,410     |
|          | 1996 | 1,521.4                 | 5,501     |
|          | 1997 | 1,529.5                 | 5,311     |
|          | 1998 | 1,533.4                 | 5,274     |
|          | 1999 | 1,627.3                 | 5,450     |
|          | 2000 | 1,745.8                 | 5,681     |
|          | 2001 | 1,849.3                 | 6,147     |
|          | 2002 | 1,893.2                 | 6,275     |
|          | 2003 | 1,938.8                 | 6,390     |
|          | 2004 | 1,990.4                 | 6,498     |
|          | 2005 | 2,020.5                 | 6,536     |
| Forecast | 2006 | 2,039.4                 | 6,620     |
|          | 2007 | 2,068.8                 | 6,745     |

\* 1995-2006 are recorded sales. 2007 is forecasted sales assuming average weather.



**Hawaiian Electric Company, Inc.**  
**SCHEDULE H - COMMERCIAL COOKING, AIR CONDITIONING,**  
**HEATING, AND REFRIGERATION SERVICE**

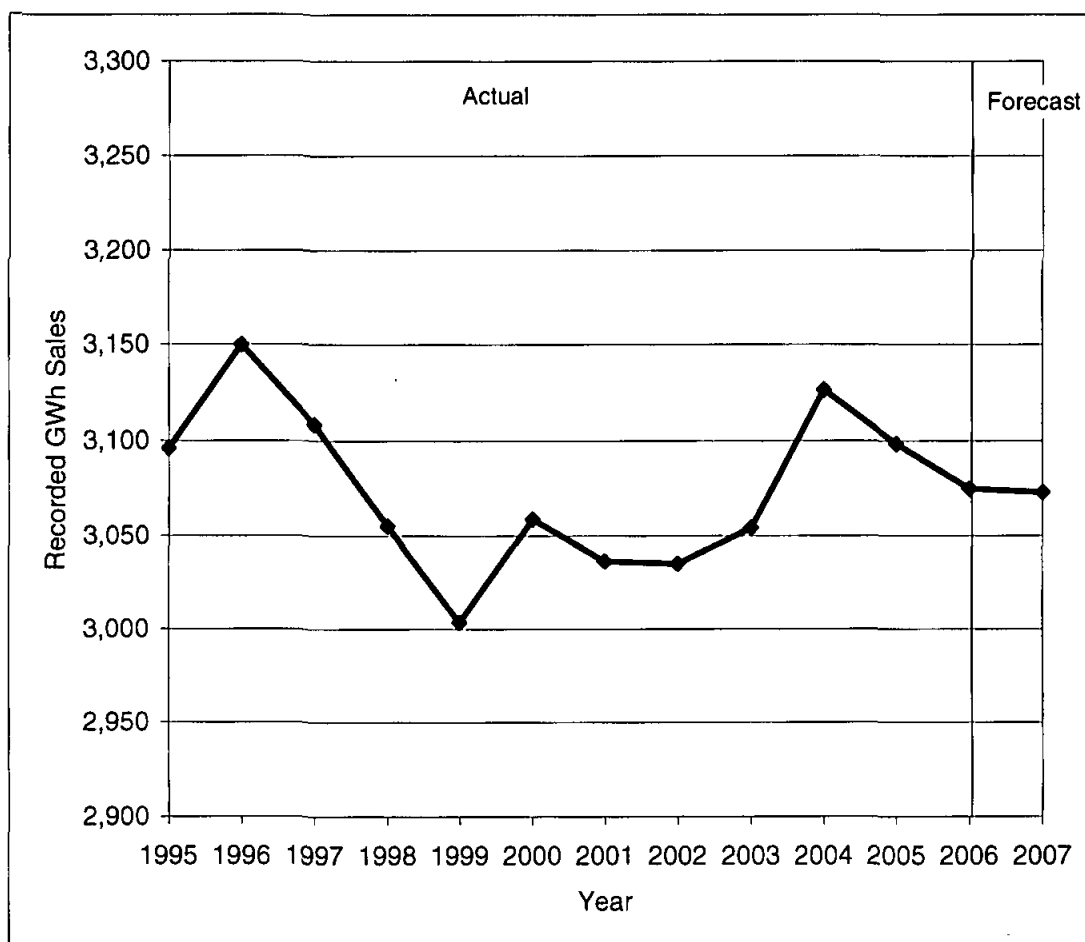


|          | Year | Recorded<br>GWh Sales * | Customers |
|----------|------|-------------------------|-----------|
| Recorded | 1995 | 227.8                   | 4,456     |
|          | 1996 | 205.6                   | 4,125     |
|          | 1997 | 187.2                   | 3,906     |
|          | 1998 | 165.2                   | 3,626     |
|          | 1999 | 155.9                   | 3,354     |
|          | 2000 | 132.1                   | 2,879     |
|          | 2001 | 87.1                    | 1,880     |
|          | 2002 | 70.3                    | 1,384     |
|          | 2003 | 61.9                    | 1,194     |
|          | 2004 | 57.9                    | 1,083     |
|          | 2005 | 52.6                    | 931       |
| Forecast | 2006 | 46.9                    | 818       |
|          | 2007 | 40.5                    | 746       |

\* 1995-2006 are recorded sales. 2007 is forecasted sales assuming average weather.



**Hawaiian Electric Company, Inc.  
SCHEDULE P - LARGE POWER SERVICE**

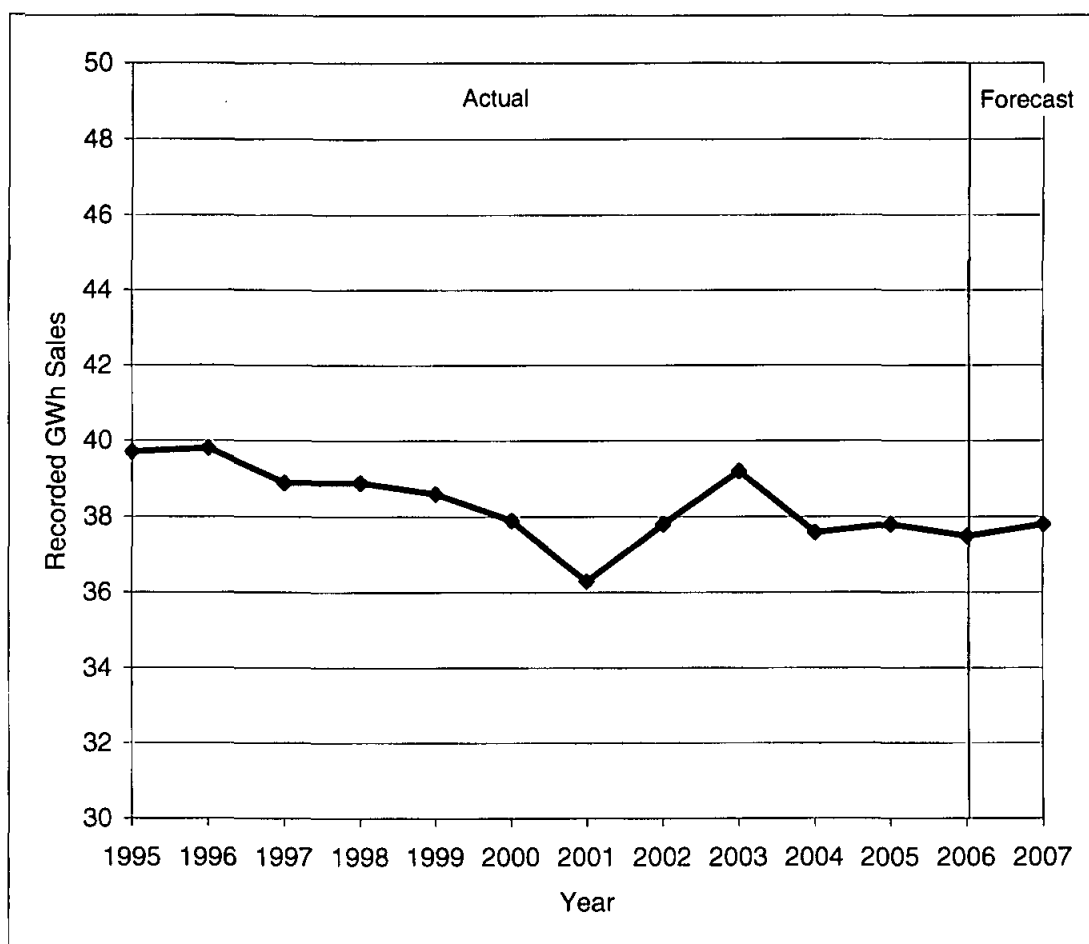


|          | Year | Recorded<br>GWh Sales * | Customers |
|----------|------|-------------------------|-----------|
| Recorded | 1995 | 3,096.1                 | 393       |
|          | 1996 | 3,150.2                 | 392       |
|          | 1997 | 3,108.3                 | 389       |
|          | 1998 | 3,055.0                 | 388       |
|          | 1999 | 3,003.4                 | 369       |
|          | 2000 | 3,058.6                 | 361       |
|          | 2001 | 3,036.4                 | 356       |
|          | 2002 | 3,034.9                 | 355       |
|          | 2003 | 3,054.3                 | 354       |
|          | 2004 | 3,126.8                 | 354       |
|          | 2005 | 3,098.4                 | 356       |
| Forecast | 2006 | 3,074.8                 | 355       |
|          | 2007 | 3,073.0                 | 358       |

\* 1995-2006 are recorded sales. 2007 is forecasted sales assuming average weather.



**Hawaiian Electric Company, Inc.  
SCHEDULE F - STREET LIGHTING**



|          | Year | Recorded<br>GWh Sales * | Customers |
|----------|------|-------------------------|-----------|
| Recorded | 1995 | 39.7                    | 340       |
|          | 1996 | 39.8                    | 352       |
|          | 1997 | 38.9                    | 359       |
|          | 1998 | 38.9                    | 359       |
|          | 1999 | 38.6                    | 353       |
|          | 2000 | 37.9                    | 356       |
|          | 2001 | 36.3                    | 366       |
|          | 2002 | 37.8                    | 382       |
|          | 2003 | 39.2                    | 392       |
|          | 2004 | 37.6                    | 407       |
|          | 2005 | 37.8                    | 413       |
| Forecast | 2006 | 37.5                    | 439       |
|          | 2007 | 37.8                    | 437       |

\* 1995-2006 are recorded sales. 2007 is forecasted sales assuming average weather.



Hawaiian Electric Company, Inc.  
Honolulu Airport Weather Data  
MONTHLY COOLING DEGREE DAYS

|       | 2007 | 2006  | 2005  | 2004  | 2003  | 2002  | 2001  | 2000  | 1999  | 1998  | 1997  | 1996  | 1995  | 1994  | 1993  | 1992  | 1991  | 1990  | 1989  | 1988  | 1987  | 1986  | 1985  | 1984  | 1983  | 1982  | 1981  | 1980  | 1979  | 1978  | 1977  |
|-------|------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| JAN   | 311  | 293   | 245   | 272   | 240   | 292   | 332   | 241   | 267   | 238   | 231   | 354   | 294   | 227   | 190   | 251   | 236   | 306   | 301   | 260   | 267   | 251   | 205   | 304   | 223   | 261   | 263   | 222   | 159   | 292   | 276   |
| FEB   | 240  | 205   | 255   | 323   | 250   | 234   | 262   | 256   | 248   | 227   | 279   | 266   | 239   | 248   | 180   | 244   | 243   | 189   | 244   | 289   | 178   | 217   | 256   | 285   | 182   | 195   | 249   | 220   | 209   | 238   | 305   |
|       | 551  | 498   | 500   | 595   | 490   | 526   | 594   | 497   | 515   | 465   | 510   | 620   | 533   | 475   | 370   | 495   | 479   | 495   | 545   | 549   | 445   | 468   | 461   | 589   | 405   | 456   | 512   | 442   | 368   | 530   | 581   |
| MAR   | 294  | 274   | 280   | 317   | 338   | 290   | 319   | 331   | 305   | 322   | 326   | 297   | 334   | 262   | 285   | 316   | 250   | 258   | 325   | 346   | 285   | 366   | 300   | 340   | 270   | 288   | 311   | 317   | 250   | 336   | 355   |
|       | 845  | 772   | 780   | 912   | 828   | 816   | 913   | 828   | 820   | 787   | 836   | 917   | 867   | 737   | 655   | 811   | 729   | 753   | 870   | 895   | 730   | 834   | 761   | 929   | 675   | 744   | 823   | 759   | 618   | 866   | 936   |
| APR   |      | 299   | 419   | 371   | 374   | 360   | 356   | 318   | 317   | 309   | 346   | 453   | 351   | 337   | 381   | 327   | 333   | 354   | 291   | 373   | 337   | 384   | 293   | 366   | 295   | 318   | 335   | 340   | 299   | 361   | 344   |
|       |      | 1,071 | 1,199 | 1,283 | 1,202 | 1,176 | 1,269 | 1,146 | 1,137 | 1,096 | 1,182 | 1,370 | 1,218 | 1,074 | 1,036 | 1,138 | 1,062 | 1,107 | 1,161 | 1,268 | 1,067 | 1,218 | 1,054 | 1,295 | 970   | 1,062 | 1,158 | 1,099 | 917   | 1,227 | 1,280 |
| MAY   |      | 324   | 514   | 453   | 439   | 414   | 415   | 419   | 383   | 368   | 355   | 441   | 428   | 451   | 387   | 404   | 404   | 412   | 425   | 437   | 337   | 421   | 364   | 432   | 335   | 421   | 385   | 418   | 412   | 417   | 396   |
|       |      | 1,395 | 1,713 | 1,736 | 1,641 | 1,590 | 1,684 | 1,565 | 1,520 | 1,464 | 1,537 | 1,811 | 1,646 | 1,525 | 1,423 | 1,542 | 1,466 | 1,519 | 1,586 | 1,705 | 1,404 | 1,639 | 1,418 | 1,727 | 1,305 | 1,483 | 1,543 | 1,517 | 1,329 | 1,644 | 1,676 |
| JUN   |      | 458   | 537   | 496   | 471   | 481   | 451   | 470   | 417   | 407   | 489   | 494   | 498   | 486   | 463   | 495   | 442   | 456   | 482   | 482   | 465   | 457   | 437   | 438   | 425   | 442   | 474   | 442   | 458   | 418   | 441   |
|       |      | 1,853 | 2,250 | 2,232 | 2,112 | 2,071 | 2,135 | 2,035 | 1,937 | 1,871 | 2,026 | 2,305 | 2,144 | 2,011 | 1,886 | 2,037 | 1,908 | 1,975 | 2,068 | 2,187 | 1,869 | 2,096 | 1,855 | 2,165 | 1,730 | 1,925 | 2,017 | 1,959 | 1,787 | 2,062 | 2,117 |
| JUL   |      | 496   | 570   | 556   | 545   | 503   | 515   | 508   | 452   | 463   | 521   | 538   | 572   | 564   | 491   | 518   | 508   | 498   | 521   | 527   | 537   | 519   | 521   | 501   | 461   | 493   | 463   | 501   | 500   | 439   | 498   |
|       |      | 2,349 | 2,820 | 2,788 | 2,657 | 2,574 | 2,650 | 2,543 | 2,389 | 2,334 | 2,547 | 2,843 | 2,716 | 2,575 | 2,377 | 2,555 | 2,416 | 2,473 | 2,589 | 2,714 | 2,406 | 2,615 | 2,376 | 2,666 | 2,191 | 2,418 | 2,480 | 2,460 | 2,287 | 2,501 | 2,615 |
| AUG   |      | 509   | 588   | 558   | 573   | 539   | 541   | 517   | 500   | 506   | 553   | 560   | 578   | 606   | 515   | 540   | 547   | 543   | 517   | 537   | 556   | 561   | 532   | 527   | 544   | 514   | 477   | 504   | 485   | 489   | 541   |
|       |      | 2,858 | 3,408 | 3,346 | 3,230 | 3,113 | 3,191 | 3,060 | 2,889 | 2,840 | 3,100 | 3,403 | 3,294 | 3,181 | 2,892 | 3,095 | 2,963 | 3,016 | 3,106 | 3,251 | 2,962 | 3,176 | 2,908 | 3,193 | 2,735 | 2,932 | 2,957 | 2,964 | 2,772 | 2,990 | 3,156 |
| SEP   |      | 464   | 491   | 537   | 518   | 495   | 522   | 476   | 460   | 489   | 537   | 502   | 555   | 575   | 491   | 495   | 501   | 525   | 512   | 520   | 544   | 521   | 491   | 494   | 525   | 499   | 477   | 503   | 489   | 473   | 505   |
|       |      | 3,322 | 3,899 | 3,883 | 3,748 | 3,608 | 3,713 | 3,536 | 3,349 | 3,329 | 3,637 | 3,905 | 3,849 | 3,756 | 3,383 | 3,590 | 3,464 | 3,541 | 3,618 | 3,771 | 3,506 | 3,697 | 3,399 | 3,687 | 3,260 | 3,431 | 3,434 | 3,467 | 3,261 | 3,463 | 3,661 |
| OCT   |      | 446   | 430   | 517   | 504   | 479   | 467   | 482   | 421   | 464   | 492   | 525   | 554   | 547   | 465   | 452   | 474   | 501   | 431   | 478   | 516   | 491   | 464   | 475   | 508   | 452   | 419   | 476   | 504   | 401   | 507   |
|       |      | 3,768 | 4,329 | 4,400 | 4,252 | 4,087 | 4,180 | 4,018 | 3,770 | 3,793 | 4,129 | 4,430 | 4,403 | 4,303 | 3,848 | 4,042 | 3,938 | 4,042 | 4,049 | 4,249 | 4,022 | 4,188 | 3,863 | 4,162 | 3,768 | 3,883 | 3,853 | 3,943 | 3,765 | 3,864 | 4,168 |
| NOV   |      | 400   | 371   | 383   | 420   | 383   | 375   | 382   | 361   | 390   | 350   | 365   | 464   | 481   | 345   | 369   | 443   | 377   | 358   | 455   | 418   | 433   | 310   | 425   | 461   | 326   | 355   | 395   | 378   | 298   | 417   |
|       |      | 4,168 | 4,700 | 4,783 | 4,672 | 4,470 | 4,555 | 4,400 | 4,131 | 4,183 | 4,479 | 4,795 | 4,867 | 4,784 | 4,193 | 4,411 | 4,381 | 4,419 | 4,407 | 4,704 | 4,440 | 4,621 | 4,173 | 4,587 | 4,229 | 4,209 | 4,208 | 4,338 | 4,143 | 4,162 | 4,585 |
| DEC   |      | 352   | 270   | 324   | 336   | 329   | 357   | 307   | 289   | 310   | 288   | 257   | 442   | 367   | 314   | 368   | 353   | 289   | 252   | 336   | 342   | 318   | 264   | 291   | 318   | 225   | 284   | 295   | 326   | 239   | 320   |
| TOTAL |      | 4,520 | 4,970 | 5,107 | 5,008 | 4,799 | 4,912 | 4,707 | 4,420 | 4,483 | 4,767 | 5,052 | 5,309 | 5,151 | 4,507 | 4,779 | 4,734 | 4,708 | 4,659 | 5,040 | 4,782 | 4,939 | 4,437 | 4,878 | 4,547 | 4,434 | 4,492 | 4,633 | 4,469 | 4,401 | 4,905 |

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| Schedule R          |  |                      |   |
|---------------------|--|----------------------|---|
| Billed<br>GWh Sales | Weather Normalized<br>Billed GWh Sales | Average<br>Customers | Weather Normalized<br>Billed kWh Sales / Cust |

|      |         |         |         |       |
|------|---------|---------|---------|-------|
| 1997 | 1,857.0 | 1,857.0 | 238,269 | 7,794 |
| 1998 | 1,817.7 | 1,822.4 | 239,487 | 7,610 |
| 1999 | 1,839.4 | 1,845.0 | 241,167 | 7,650 |
| 2000 | 1,894.2 | 1,895.4 | 243,511 | 7,784 |
| 2001 | 1,931.1 | 1,928.3 | 246,226 | 7,831 |
| 2002 | 1,995.3 | 1,993.8 | 248,765 | 8,015 |
| 2003 | 2,068.1 | 2,061.6 | 251,248 | 8,205 |
| 2004 | 2,140.3 | 2,130.2 | 253,670 | 8,398 |
| 2005 | 2,145.8 | 2,139.1 | 256,269 | 8,347 |
| 2006 | 2,127.0 | 2,134.9 | 258,793 | 8,249 |

| Schedule G   |                                    |                      |   |
|--------------|------------------------------------|----------------------|---|
| Billed Sales | Weather Normalized<br>Billed Sales | Average<br>Customers | Weather Normalized<br>Billed Sales / Customer |

|      |       |       |        |        |
|------|-------|-------|--------|--------|
| 1997 | 324.6 | 324.6 | 23,176 | 14,006 |
| 1998 | 324.7 | 328.2 | 23,181 | 14,158 |
| 1999 | 325.6 | 329.8 | 23,274 | 14,170 |
| 2000 | 338.7 | 339.4 | 23,605 | 14,378 |
| 2001 | 345.3 | 343.7 | 24,507 | 14,025 |
| 2002 | 350.3 | 349.6 | 24,710 | 14,148 |
| 2003 | 361.8 | 358.5 | 24,952 | 14,368 |
| 2004 | 367.7 | 362.5 | 25,245 | 14,359 |
| 2005 | 369.6 | 366.0 | 25,533 | 14,334 |
| 2006 | 366.4 | 370.5 | 25,590 | 14,478 |

| Schedule J   |                                    |                      |   |
|--------------|------------------------------------|----------------------|---|
| Billed Sales | Weather Normalized<br>Billed Sales | Average<br>Customers | Weather Normalized<br>Billed Sales / Customer |

|      |         |         |       |         |
|------|---------|---------|-------|---------|
| 1997 | 1,531.3 | 1,531.2 | 5,311 | 288,307 |
| 1998 | 1,530.2 | 1,546.9 | 5,274 | 293,307 |
| 1999 | 1,619.7 | 1,641.0 | 5,450 | 301,101 |
| 2000 | 1,736.5 | 1,740.1 | 5,681 | 306,302 |
| 2001 | 1,857.7 | 1,848.7 | 6,147 | 300,748 |
| 2002 | 1,889.2 | 1,885.1 | 6,275 | 300,414 |
| 2003 | 1,939.6 | 1,921.5 | 6,390 | 300,704 |
| 2004 | 1,984.4 | 1,956.2 | 6,498 | 301,046 |
| 2005 | 2,021.4 | 2,002.1 | 6,536 | 306,319 |
| 2006 | 2,029.2 | 2,051.7 | 6,620 | 309,924 |



| Schedule H   |                                    |                      |   |
|--------------|------------------------------------|----------------------|---|
| Billed Sales | Weather Normalized<br>Billed Sales | Average<br>Customers | Weather Normalized<br>Billed Sales / Customer |

|      |       |       |       |        |
|------|-------|-------|-------|--------|
| 1997 | 188.2 | 188.2 | 3,906 | 48,182 |
| 1998 | 165.4 | 167.3 | 3,626 | 46,139 |
| 1999 | 155.7 | 157.7 | 3,354 | 47,018 |
| 2000 | 133.7 | 134.0 | 2,879 | 46,544 |
| 2001 | 88.3  | 87.8  | 1,880 | 46,702 |
| 2002 | 70.6  | 70.4  | 1,384 | 50,867 |
| 2003 | 62.2  | 61.6  | 1,194 | 51,591 |
| 2004 | 57.9  | 57.1  | 1,083 | 52,724 |
| 2005 | 52.8  | 52.2  | 931   | 56,069 |
| 2006 | 46.9  | 47.4  | 818   | 57,946 |

| Schedule P   |                                    |                      |   |
|--------------|------------------------------------|----------------------|---|
| Billed Sales | Weather Normalized<br>Billed Sales | Average<br>Customers | Weather Normalized<br>Billed Sales / Customer |

|      |         |         |     |           |
|------|---------|---------|-----|-----------|
| 1997 | 3,109.3 | 3,109.5 | 389 | 7,993,573 |
| 1998 | 3,054.6 | 3,088.0 | 388 | 7,958,763 |
| 1999 | 2,987.3 | 3,025.9 | 369 | 8,200,271 |
| 2000 | 3,053.5 | 3,059.9 | 361 | 8,476,177 |
| 2001 | 3,058.0 | 3,042.7 | 356 | 8,546,910 |
| 2002 | 3,029.1 | 3,022.4 | 355 | 8,513,803 |
| 2003 | 3,057.4 | 3,028.8 | 354 | 8,555,932 |
| 2004 | 3,110.7 | 3,066.5 | 354 | 8,662,429 |
| 2005 | 3,103.4 | 3,074.4 | 356 | 8,635,955 |
| 2006 | 3,032.1 | 3,065.8 | 355 | 8,636,056 |



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**Ref: HECO T-2, page 3, line 4 and line 10.**

Please provide the following information regarding HECO's annual sales forecast and quarterly updates procedure:

- a. A complete copy of the most recent "annual sales forecast," if any updates have been prepared after August 2006.
- b. A complete copy of the most recent "quarterly sales update," as referenced at line 10.

**HECO Response:**

- a. The August 2006 sales forecast is HECO's most recent annual sales forecast.
- b. A quarterly update was prepared in February 2007, but it was not adopted for financial planning purposes. The August 2006 forecast continues to be reasonable for financial planning purposes.

The projections developed in February 2007 appeared to be optimistic given the lackluster sales performance in 2006. March year-to-date ("YTD") sales performance supports not using the February 2007 update for planning. March YTD 2007 sales were almost flat compared to 2006, as shown below:

**COMPARISON OF 2007 VS. 2006  
MARCH YEAR-TO-DATE  
Recorded GWh Sales**

| <u>Schedule</u> | <u>Mar YTD<br/>2007</u> | <u>Mar YTD<br/>2006</u> | <u>Diff</u> | <u>% Diff</u> |
|-----------------|-------------------------|-------------------------|-------------|---------------|
| R               | 505.9                   | 505.4                   | 0.5         | 0.1%          |
| G               | 87.9                    | 86.0                    | 1.9         | 2.2%          |
| J               | 481.7                   | 472.7                   | 9.0         | 1.9%          |
| H               | 10.6                    | 11.2                    | -0.6        | -5.4%         |
| P               | 720.2                   | 725.5                   | -5.3        | -0.7%         |
| F               | 9.5                     | 9.5                     | 0.0         | 0.0%          |
| Total           | 1,815.8                 | 1,810.3                 | 5.5         | 0.3%          |



In addition, through March 2007, the August 2006 forecast matches total 2007 recorded sales, as shown below:

**COMPARISON OF 2007 VS. AUGUST 2006 FORECAST**  
**Recorded GWh Sales**

| <u>Schedule</u> | <u>Mar YTD<br/>2007</u> | <u>Mar YTD<br/>Aug 2006 Fcst</u> | <u>Diff</u> | <u>% Diff</u> |
|-----------------|-------------------------|----------------------------------|-------------|---------------|
| R               | 505.9                   | 512.7                            | -6.8        | -1.3%         |
| G               | 87.9                    | 86.0                             | 1.9         | 2.2%          |
| J               | 481.7                   | 479.1                            | 2.6         | 0.6%          |
| H               | 10.6                    | 9.9                              | 0.7         | 6.8%          |
| P               | 720.2                   | 719.9                            | 0.3         | 0.0%          |
| F               | 9.5                     | 9.5                              | 0.0         | 0.4%          |
| Total           | 1,815.8                 | 1,817.1                          | -1.3        | -0.1%         |

Also, in order to achieve the projected 2007 sales in the August 2006 forecast by the end of 2007, sales growth would have to be maintained at about the level seen so far in 2007, a 0.2% growth over 2006 recorded sales. On the other hand, in order to achieve the February 2007 update projected 1.1% sales growth, sales for the remaining months of 2007 would have to be a very optimistic 1.3% above 2006, as shown below:

**GROWTH NEEDED TO ACHIEVE FORECAST**  
**IN REMAINDER OF YEAR**

|                  | <u>August 2006 Forecast</u> |
|------------------|-----------------------------|
| Forecast %       | 0.3%                        |
| Y/E Forecast     | 7,720.8                     |
| YTD 2007 Recd    | (1,815.8)                   |
| Remainder 2007   | 5,905.0                     |
| Remainder 2006   | 5,890.3                     |
| <b>YOY % Chg</b> | <b>0.2%</b>                 |

|                  | <u>February 2007 Update</u> |
|------------------|-----------------------------|
| Forecast %       | 1.1%                        |
| Y/E Forecast     | 7,785.3                     |
| YTD 2007 Recd    | (1,815.8)                   |
| Remainder 2007   | 5,969.5                     |
| Remainder 2006   | 5,890.3                     |
| <b>YOY % Chg</b> | <b>1.3%</b>                 |



Thus, the August 2006 forecast appears to be the better planning tool for 2007 than the February 2007 update.

A copy of the February 2007 update is attached to this response for informational purposes. Confidential customer specific information was redacted from the materials provided.



## OFFICE RESPONDENCE

**Hawaiian Electric Company, Inc.**

February 28, 2007

To: Dave Waller  
From: George Willoughby *LW*  
Subject: HECO February 2007 Sales Update

Attached for your review is HECO's February 2007 sales and peak update. The February 2007 sales update projects 2007 sales to grow by 1.1% or 84.7 GWh over 2006 recorded sales. The February 2007 sales update is 64.5 GWh higher than the 2007 sales projected in the August 2006 forecast.

Sales were sluggish in the first half of 2006 when the August 2006 forecast was prepared. However, recorded sales were stronger in the 4<sup>th</sup> quarter of 2006 resulting in total recorded sales declining by 0.3% in 2006 as compared to 2005. The February 2007 update reflects this more optimistic sales outlook, thus projecting higher sales for 2007 than the August 2006 forecast. The year-over-year growth rate of 1.1% in the February 2007 update is not significantly higher than the 0.9% increase in the August 2006 forecast, but the 2006 actuals were higher than projected.

Residential use per customer is expected to improve over the forecast horizon, although growth is not likely to match the explosive rate experienced in first half of the decade as use will likely continue to be dampened by relatively high electricity prices. The number of new residential customers is also anticipated to continue to grow, although at an average rate of 0.8%, growth is also at a slower rate than the 1% experienced in recent years. Commercial sales growth is also expected to continue at a moderate pace, bolstered by continued economic growth, construction projects, and planned military spending.

Please let me know if you have any questions. I am available to review this material with the Executive Staff.

### Attachment

|     |                |                               |
|-----|----------------|-------------------------------|
| cc: | T. Michael May | J. Takamura                   |
|     | K. Stahlkopf   | Forecast Working Group        |
|     | T. Sekimura    | Forecasts & Research Division |



**Hawaiian Electric Company, Inc.  
FEBRUARY 2007 SALES AND PEAK UPDATE**

**Executive Summary**

The local economic outlook remains optimistic although slowing as the housing market cools and inflation and interest rates remain high. While the tourism industry appeared to flatten in 2006, construction and real estate activity remained healthy and military activity remained strong. Rising inflationary pressure, driven by fuel and housing costs and higher interest rates appeared to moderate economic growth in 2006 after a strong 2005. Despite a solid local economy bolstered by growing U.S. and Japan economies, electricity sales stagnated in 2005 and 2006. Electricity sales fell by 0.3% in 2006 below already disappointing 2005 levels. The February 2007 sales update expects sales to resume growth in 2007 (see Exhibit 1).

Both residential and commercial year-to-date ("YTD") June 2006 actual sales were below forecasts used for planning purposes in 2006. The August 2006 forecast incorporated the more pessimistic sales outlook and expected sales to decline 0.9% in 2006, resuming growth by 0.9% in 2007, and continuing to grow moderately at an average rate of 1.1% per year for 2008 – 2011. Weather appeared to be a factor in 2005 – 2006 sales performance, with cooler, less humid weather lowering sales after a very hot, humid 2004. In addition, double digit increases in electricity prices beginning in mid-2005 appear to have dampened residential use. While commercial customers generally have less flexibility in responding to high prices, some customers have taken steps to conserve energy in order to stay within their operating budgets.

Actual 2006 recorded sales were higher than the August 2006 forecast. As a result, the August 2006 forecast for 2007 is only 0.3% above actual 2006 sales. The February 2007 sales update is more optimistic about the sales outlook with both residential and commercial sales expected to show stronger growth than in the August 2006 forecast (see Exhibit 2). The more positive outlook is due to improved sales growth in the 4<sup>th</sup> quarter of 2006 and into January 2007, moreover, while energy prices are expected to remain high, weather is expected to return to average. The February 2007 update projects sales to resume growth of 1.1% in 2007 after two years of sales declines. Sales are also expected to continue to grow over 2008 – 2011 by an average of 0.9%. Most local economists believe the local economy will slow with higher inflation, due to energy and housing costs, and slowing construction activity and visitor arrivals. The local economy is still expected to grow for several years, although at a slower rate than in recent past years.

Residential use per customer is anticipated to resume growth, but customer additions are likely to increase at a slower pace than the average 1% experienced in 2000 - 2006. Job growth and new large projects like the Ko Olina development, several new large condominiums and military construction are expected to contribute to commercial sector growth in the near-term.



### **Economic Outlook**

Hawaii's economy slowed significantly in 2006 after several years of strong growth. The local economy lost momentum as inflation eroded nominal income gains, the housing market was hit by higher interest rates and home prices, and tourism flattened in 2006 after reaching records in 2005. The slowdown is expected to continue in 2007, although modest growth is still anticipated.

For 2007, job growth is expected to moderate from recent years' robust expansion rates, due in part to a slowing of the construction industry. Tourism is expected to grow slightly in 2007 after stagnating international visitor arrivals dampened total arrivals in 2006. The Honolulu CPI for the first half of 2006 was 5.8% higher than the same period in 2005, the largest increase in CPI in fifteen years. Unfortunately, inflation is expected to remain relatively high and persist at or above 4.0% in 2007 and remain above 3.0% in 2008. Externally, the U.S. economy is expected to stabilize after a bumpy ride tied to rising energy prices and the declining housing market in 2006. The Japanese economy is also expected to grow, although at a slower rate than in previous years.

#### **U.S. Economy**

The U.S. economy continued to grow in 2006. According to the Bureau of Economic Analysis ("BEA"), the "advance" estimate of real GDP growth for 2006 was 3.4% versus 3.2% in 2005, with fourth quarter growth estimated at 3.5%. However, 2006 was buoyed by very strong first quarter growth of 5.6%. The January 2007 *Blue Chip Economic Indicators* ("Blue Chip") consensus forecast expects GDP growth to hold steady from the fourth quarter of 2006 through the first quarter of 2007 at 2.3%. The higher "advance" estimate from the BEA reflects a downturn in imports and increased consumer spending. Government spending also accelerated in the fourth quarter. These growth areas helped to moderate the impact from the decline in residential investment. The January 2007 Blue Chip forecast expects gradual increases in growth in subsequent quarters with 2007 annual GDP growth estimated at 2.4%. This is 0.4 percentage points lower than the July 2006 Blue Chip projections that were in place when the August 2006 sales forecast was developed (as shown in Exhibit 3).

Energy prices have declined after hitting record highs in July 2006. The February Energy Information Administration's ("EIA") short-term outlook projects crude oil prices to average \$59.46 and \$62.58 per barrel for 2007 and 2008, respectively (see Exhibit 3). Despite OPEC production cuts that began in November 2006, the price of West Texas Intermediate ("WTI") crude oil fell by \$6 to \$55/barrel in January 2007 and hit a low of \$50.51 per barrel in mid-January. The price drop reflected the warmer winter weather, weak oil demand, higher spare oil production capacity, and above-normal inventory levels. Further OPEC cuts were announced for February 2007. EIA projects that these cuts will reduce inventories to normal levels by mid-year and effectively increase spare capacity levels, which will moderate price pressure in 2007.

The continued drop in oil prices has contributed to the easing of inflationary worries. Inflation rose by annualized rates of 4.3% and 5.1% in Q1 and Q2 respectively, while energy costs grew by 22.8% in the first half of 2006. In the second half of 2006, inflation rose by annualized rates of 0.8% and 0.2% in Q3 and Q4 respectively, while energy costs declined at a rate of 13.4%. The core CPI, which excludes food and energy prices, continues to be relatively stable with a 0.2% increase month-over-month in December 2006 (see Exhibit 4). It should be noted that the December month-over-month change in CPI of 0.5% was the first increase since



August, driven by December energy prices that also increased by 4.6% for the first time since August. Overall CPI rose by 2.5% in 2006 relative to an increase of 3.4% in 2005, whereas core CPI expanded by 2.6% compared to 2.2% in 2005. The January 2007 Blue Chip forecast of CPI has dropped to 2.0% for 2007, which is 0.6 percentage points lower than the July 2006 Blue Chip. In response to the reductions in inflation and the stabilizing economy, the Federal Reserve has maintained the federal funds rate at 5.25% since July, after two years of steady increases.

As shown in Exhibit 4, non-farm payroll employment in the U.S. continues to grow. On a seasonally adjusted basis, non-farm payroll employment grew by an average of 136,000 jobs per month in 2006 compared to 133,000 in 2005 and 131,000 in 2004. Job growth of 111,000 jobs in January marked the 41<sup>st</sup> straight month of job growth in the US economy. The seasonally adjusted unemployment rate was 4.6% in January, up 0.1 percentage points from November and December, but 0.1 percentage points under the January 2006 level.

Average thirty-year mortgage rates have remained above 6% since the fourth quarter of 2005, but have declined since the peak in July 2006 (see Exhibit 5). Mortgage rates ended the year where they started in January at 6.1%. For the past three months, rates have hovered in the neighborhood of 6.2%. Economists at Freddie Mac anticipate low inflation in 2007 will keep 30-year mortgage rates below 6.5%. 2006 appeared to be a correction year in the housing market, but the year ended with growth in new home sales and stabilizing existing home sales after several months of decline in both segments (see Exhibit 5). The 2007 outlook is for stability in the housing market with mortgage rates expected to remain relatively low.

In all, although economic growth in the U.S. weakened in 2006, the expectation is that the economy will continue to grow, although at a slower rate, in 2007 as oil prices, unemployment, inflation, mortgage rates and housing sales stabilize during the year.

#### Japan Economy

The January 2007 Blue Chip consensus forecast predicts 2.0% real GDP growth in 2007 and 2.2% growth in 2008, following 2.7% growth in 2006. The 2007 forecast is a further reduction from the July 2006 Blue Chip forecast used in the August 2006 sales forecast (see Exhibit 6). The reduction in growth rate expectations is attributed to downswings in consumption and housing investment. Although flattening, Japan has experienced the longest economic expansion since World War II, reaching 60 months as of January 2007.

Despite the economic expansion, Japanese workers' wages are not growing. Real cash earnings have fallen almost continuously since 1997, through the fiscal year ending March 2006, when workers' real cash earnings rose 1%. However, since March, real wages are again down year-over-year ("YOY"), averaging a 1% decline. This has impacted consumer spending, and in turn economic growth. The Bank raised the benchmark interest rate in July to 0.25 percent after six years of keeping interest rates at virtually zero to stimulate economic recovery. A second rate increase to 0.5 percent was announced in February 2007.

Despite the lowered outlook, Japan's economy is expected to realize continued moderate economic growth, which should contribute to a positive outlook for the Hawaii economy. However, despite modest Japan economic growth, the number of Japanese visitors to Hawaii has continued to decline. Japan visitor spending once they've arrived in Hawaii has shown some stability, but may weaken if overall Japan consumer spending declines.



### Hawaii Economy

Several local economists expect Hawaii's economy to continue to grow at a slow pace in 2007. The University of Hawaii Economic Research Organization ("UHERO") in its November 2006 forecast update lowered its projections for local economic growth. As shown in Exhibit 6, compared to the forecast update issued in May 2006, the outlook for employment, unemployment, real personal income and inflation were all slightly more pessimistic. The reason for the change in outlook reflects higher than anticipated inflation in the first half of 2006. The outlook for non-farm jobs improved by 0.2 percentage points as slightly stronger than expected job growth was realized, although expectations continue for a slowing job market. Higher inflation is expected to hold real personal income growth to 1.8% in 2007, much lower than the 3.0% growth experienced in 2005, but higher than the 1.1% increase estimated for 2006. November's outlook for inflation is 4.4% or 1.2 percentage points higher than the May economic projection used for the August 2006 sales forecast, also resulting in lowering the projected real personal income growth rate by 0.4 percentage points.

There are signs of softness in the tourism industry. Visitor arrivals in 2006 were flat compared to 2005, coming in lower than most projections. Forecasts by various local economists, prepared prior to the announcement of 2006 numbers, expect visitor arrivals to increase between 1.2 and 2.5% in 2007 (see Exhibit 9). Although these projections are all lower than the 2.8% to 3.5% range used for our August sales forecast, they may drop further in subsequent updates based on the final 2006 visitor counts. According to the Department of Business, Economic Development and Tourism ("DBEDT"), domestic arrivals rose by 2.6% in 2006 (see Exhibit 7). However, forecasts project that domestic arrivals will grow only 1% in 2007. In contrast to the growth in domestic arrivals, international arrivals dropped 8.8% in the second half of 2006, resulting in an annual decline of 6.6%. However, economic forecasts project some rebound in international arrivals in 2007, anywhere from flat to 2.4% growth. Visitor days showed a slight decrease of 0.3% year-over-year. Visitor expenditures continued to show strong growth, increasing by 2.9% YOY, with per person per day spending increasing by 3.2%.

The continued decline in Japanese visitor arrivals is of mounting concern. Japanese visitor arrivals were down 9.4% in 2006, although expenditures per person per day have increased by 4.7%. Most economists have lowered expectations for total visitor arrivals based on the Japanese market and it is expected that their forecasts will be revised further downward based on the final 2006 numbers.

As shown in Exhibit 7, Hawaii's unemployment rate in December hit 2.0%, which is the lowest rate recorded. Unemployment had increased in the first half of the year reaching 3% from May through July and then slowly dropped through the end of the year. Hawaii continues to have the lowest unemployment rate in the nation. Local economists project Hawaii's 2007 unemployment rate to be in the 2.9-3.0% range.

Activity in the housing market has visibly slowed, although prices remain relatively stable. Single family home sales volume declined by 12.5% in 2006 and condominium sales declined by 20.2%. In January 2007, single family home sales were down 13.2% and condo sales were down 17.1% versus January 2006 (see Exhibit 8). The 2006 median price of existing single family homes on Oahu was \$630,000, 6.8% above 2005, while the median condo price was \$310,000 or 15.2% above 2005. On the other hand, the January 2007 median price for single



family homes was \$600,000 down 2.4% YOY and 2.2% from the prior month while the median price for condos was \$320,000 up 8.5% YOY and 1.4% from December 2006 (see Exhibit 8).

According to UHERO, the construction slowdown deepened in 2006, and going forward, construction will likely no longer be a positive contributor to job or income growth. Bank of Hawaii economist Paul Brewbaker also expects that the overall construction industry in Hawaii will slow over the next few years. Military construction is expected to fall to its lowest level in five years, while uncertainty continues to surround projects related to the Stryker brigade at Schofield Barracks.

A summary of economic indicators for 2006 and projections for 2007-2008 by several local economists is shown in Exhibit 9. The forecasts reflect a range of expectations for Hawaii's economy in 2007: growth in real personal income between 1.5% and 2.3%, non-farm job growth in the 1.5%-2% range, total visitor arrivals 1.2%-2.5%, and inflation near 4.5%. UHERO, Bank of Hawaii, and DBEDT have revised their projections since the August 2006 sales update was developed. Most of the projections for 2007 have been lowered due to increasing inflationary pressures and lower than previously expected visitor arrivals.

As always, risks to the local economic outlook are likely to originate from external economic conditions in the U.S. or Japan. Although the U.S. economy appears to be stabilizing, rising inflation due to increased oil prices, or unanticipated rapid declines in the housing market or consumer spending remain threats. Locally, inflation and declining Japanese visitor arrivals will continue to be concerns. Tourism shocks in the form of terrorism, disease outbreaks, or natural disasters always remain possible, but present conditions indicate Hawaii should continue to see slow economic expansion in 2007 and into 2008.

### **2006 Sales Performance**

2006 recorded sales were 7,700.6 GWh, a 0.3% or 20.7 GWh decrease compared to 2005 (see Exhibit 10). Both the residential and commercial sectors saw lower sales, a trend that started in the second half of 2005 and continued through most of 2006. Cooler, less humid weather and high electricity prices played a part in dampening sales, offsetting any increase from a strong local economy. There was some improvement beginning in the last quarter of 2006 into January 2007, with 4<sup>th</sup> quarter 2006 sales growing by 1.1% and January 2007 increasing by 0.7% over the same periods in the previous year, as shown in Exhibits 11 and 12, respectively. However, this improvement was relative to a lackluster 4<sup>th</sup> quarter 2005, and likely due to warmer weather and decreasing electricity prices.

#### **Residential (Schedules R and E)**

Residential recorded sales growth slowed beginning in 2005, and continued to decline through 2006. Sales decreased by 0.4% or 8.1 GWh below 2005 (see Exhibit 10). As shown in Exhibit 13, this decrease was due to a 1.3% decrease in use per customer, partially offset by a 1.0% increase in the average number of residential customers. The 1.0% growth in customers in 2006 is partly due to the carryover from the conversion of one large commercial customer (Kukui Gardens) to 850 individual residential customers in May 2005 and the addition of 250 new customers from the 215 N. King St. condo in January 2006. Without the conversion and new condo, residential customer growth would have been about 0.7%, lower than the 1% growth experienced annually since 2000. The number of residential customers increased by only 0.5%



In December 2006 over December 2005, the lowest monthly year-over-year growth since 1999 and this lower rate of growth continued into January 2007.

After strong year-over-year increases through most of 2004, residential use per customer suddenly slowed at the end of 2004 and declined through most of 2005 and 2006. Average residential use began to show improvement in the last quarter of 2006, although this is in relation to 4<sup>th</sup> quarter 2005's poor performance. The growth in residential air conditioning continues according to a 2006 survey indicating that 57% of HECO customers' homes had air conditioning, up from 54% in 2004. However, cooler weather and lower humidity in the last half of 2005 through most of 2006 may have led to decreased use of air conditioning units. Prices began rising in mid-2005 and persisted through 2006. Customers may have been more willing to put up with some discomfort and be less inclined to turn on air conditioners or other appliances because of the cost. Public awareness of higher prices in general, energy conservation messages, and calls for voluntary conservation may also have contributed to lower residential use. Partially offsetting the dampening effect of weather and high prices in 2005 and 2006 was a strong local economy with low unemployment rates and growth in personal income.

Commercial (Schedules G, J, H, P, and F)

Commercial sales also began to stagnate in 2005 and continued to languish in 2006, although not declining as much as residential sales. Despite the strong local economy, typified by robust job growth and low unemployment, commercial sector sales declined in 2006. Recorded 2006 commercial sales were 0.2% or 12.6 GWh below 2005, as shown in Exhibit 10. Cooler weather with less humidity and demolition for major construction and renovation projects likely contributed to a loss of sales. Commercial sales were somewhat more stable in the second half of 2006 after decreasing 0.9% in the first half, remaining only slightly below 2005 sales for the year. Similar to the residential sector, awareness of high prices, energy conservation messages, and calls for voluntary conservation may have also affected commercial electricity use. While commercial customers generally have less flexibility in responding to higher electricity prices, many customers, including the military, may have made energy conservation efforts a higher priority in order to stay within limited operating budgets.

Lower year-over-year electricity sales have occurred in most of the business sectors. As shown in Exhibit 14, nine out of the sixteen business sectors saw lower sales in 2006, the largest decreases occurring in the military, hotel and retail sectors. Despite 2006 being a RIMPAC exercise year, the military sector saw a large decrease because deployments lowered energy use and energy conservation efforts have been instituted by the Navy to make limited budget money available for other operational requirements in a time of rising utility costs. Sales to military housing may also be lower for the same reasons as those in the residential sector, with additional losses due to demolition and closing of housing for construction of new and renovated units. The hotel sector continued to see decreases as additional Outrigger properties were demolished as part of the Beach Walk project, and several other hotel properties have closed rooms for renovations. Some of the tenants in the initial phase of the Beach Walk project opened at the end of 2006, including the soft opening of the Embassy Suites hotel. Retail sector sales are likely down because of cooler, less humid weather and renovation work by Royal Hawaiian Shopping Center and other stores.

Of the six business sectors seeing growth, the Education sector saw the largest increase in 2006, mostly due to recovery of loads at UH Manoa after the October 2004 flood and new facilities at UH's John A. Burns School of Medicine in Kakaako. Additional growth was seen in



the housing sector with the addition of two new condominiums, the Hokua and the Ko'olani in early 2006.

#### Total Sales

Cooler, less humid weather and higher energy prices appear to have dampened electricity sales relative to 2005. As shown in Exhibit 15, in 2006, both cooling degree days and wet bulb temperatures (used as a measure of humidity) were generally lower than average and lower than the first nine months of 2005. At the same time, electricity prices increased as a result of soaring oil prices. Prices began to climb steeply in mid-2005, and continued to see double digit percentage increases through the 3<sup>rd</sup> quarter of 2006 (see Exhibit 16). This trend in both weather and prices began to ease in the last quarter of 2006 with temperatures and humidity increasing to near average and above 2005 levels. Oil prices also eased and electricity prices began to fall, although remaining high through 2006.

In summary, sales have been lower in 2006 as compared to 2005 despite the continued growth in the local economy. Robust activity in the construction industry, stable real estate markets and visitor arrivals, continuing personal income growth, and a strong job market should have resulted in higher sales. However, both residential and commercial sales declined in 2006, continuing a trend of stagnating electricity sales that started in 2005.

#### **2007 – 2011 Forecast Update**

The August 2006 sales forecast incorporated a more pessimistic sales outlook for 2006 than previous forecasts. Both the residential and commercial sectors were lowered as a result of disappointing 2005 and YTD June 2006 actual sales and persistently higher energy prices. Recorded sales for 2006 ended up 0.7% or 50.4 GWh higher than the August 2006 sales forecast, as shown in Exhibit 17. January 2007 sales were also higher than the August 2006 sales forecast by 0.9% or 5.5 GWh.

The February 2007 sales forecast update is higher than the August 2006 sales forecast for 2007 – 2011, as shown in Exhibit 19. Residential sales are expected to be higher than the August 2006 forecast for all years of the forecast horizon, while commercial sales are projected to be higher in 2007 then lower thereafter. The February 2007 sales update is based on the same economic and electricity price forecasts and average weather as the August 2006 forecast. The models have been updated with actual sales, weather, and economic data for July 2006 – January 2007, but the projected values for forecast drivers has not changed. The differences between the August 2006 forecast and the February 2007 update are primarily due to improved sales in the 4<sup>th</sup> quarter of 2006 and recent information on large construction projects.

Residential sales improved year-over-year in the 4<sup>th</sup> quarter of 2006 and the improvement continued into January 2007 (see Exhibits 11 and 12). Residential customer growth slowed somewhat in the 4<sup>th</sup> quarter, averaging an increase of only 0.6% as compared to the 2000 – 2005 average growth of 1%. On the other hand, average use improved by 1.4% over 4<sup>th</sup> quarter 2005 average use. This was partially due to warmer weather in the 4<sup>th</sup> quarter of 2006 as compared to the same period in 2005, and falling oil prices. This higher use is expected to continue into 2007 and 2008 as average weather used to forecast residential use is warmer and more humid than what actually occurred through most of 2006 (see Exhibit 15).



Commercial sales also saw some improvement in the 4<sup>th</sup> quarter of 2006, continuing into January 2007 (see Exhibits 11 and 12), although at lower percentage growth rates than residential sales. This improvement was also due to the warmer, more humid weather. Similar to the residential forecast, commercial sales are expected to show growth in 2007 and 2008 as average weather is used to forecast sales. Planned large construction projects were also analyzed and updated for the February 2007 forecast. Most of the large projects that were considered are shown in Exhibit 20, although only those projects that were expected to be outside the historical trend were used to adjust the forecast model results. Several projects actually decreased sales, such as the closure of two Star Markets, 99 Ranch Market, Grocery Outlet, and Frito-Lay and Del Monte operations.

The August 2006 sales forecast projected residential sales to increase by 0.5% in 2007, and then grow an average 0.6% per year thereafter (see Exhibit 19). The lower sales were driven by sluggish residential use per customer, which was projected to continue to decline throughout the forecast horizon. The main driver of this decline was the probably the declining actual use experienced in 2005 and 2006. The February 2007 update expects residential sales to grow by 1.1% in 2007 and average 0.8% annual growth thereafter. Improvement in residential use in the later part of 2006 has strengthened the expectations for residential use in the forecast. Saturation of air conditioning in the residential sector is expected to continue to grow in the forecast horizon, but at a slower pace than experienced in the early part of the decade. Some growth is also expected in total residential sales for 2007 - 2011 as a result of a moderate 0.8% growth in the number of residential customers.

In the commercial sector, the August 2006 sales forecast expected a return to growth in 2007 after lower sales in 2006 (see Exhibit 19). Commercial sales were projected to increase by 1.1% in 2007. Commercial sales were expected to maintain moderate growth throughout the remainder of the forecast horizon, averaging 1.3% a year. The August 2006 commercial sales forecast reflected the strength in Oahu's economy and the expected increases due to military and private sector construction projects. Economic growth was assumed to be steady and moderate over the forecast horizon. This economic growth assumption has not changed much for the February 2007 update. As a result, the February 2007 update continues to expect to see 1.1% growth in 2007, averaging 1.0% per year thereafter. Lowered expectations for some construction projects contributed to the lower growth rates in 2009 - 2011.

### Conclusion

The February 2007 projection of total HECO system sales is shown in Exhibit 21. In 2007, total sales are projected to increase 1.1% above recorded 2006 sales. Sales are projected to increase another by 1.2% in 2008, and average 0.9% per year for the remaining years of the forecast horizon. This growth is reasonable based on projections for stable economic growth, high electricity prices, and average weather.



**EXHIBIT 1**

**Hawaiian Electric Company, Inc.  
February 2007 Sales Update**

|   | <u>Recd</u><br><u>2006</u> | <u>2007</u> | <u>2008</u> | <u>2009</u> | <u>2010</u> | <u>2011</u> |
|---|----------------------------|-------------|-------------|-------------|-------------|-------------|
| <b>Sales Forecast with Adjustments, No Future DSM</b> |                            |             |             |             |             |             |
| Residential   | 2,134.4                    | 2,172.4     | 2,226.8     | 2,245.4     | 2,268.9     | 2,294.0     |
| % incr  | -0.4%                      | 1.8%        | 2.5%        | 0.8%        | 1.0%        | 1.1%        |
| Commercial  | 5,528.7                    | 5,629.8     | 5,713.7     | 5,798.7     | 5,896.1     | 5,969.6     |
| % incr  | -0.2%                      | 1.8%        | 1.5%        | 1.5%        | 1.7%        | 1.2%        |
| Sched F   | 37.5                       | 37.5        | 37.6        | 37.5        | 37.5        | 37.5        |
| % incr  | -0.8%                      | 0.0%        | 0.3%        | -0.3%       | 0.0%        | 0.0%        |
| Total   | 7,700.6                    | 7,839.7     | 7,978.1     | 8,081.6     | 8,202.5     | 8,301.1     |
| % incr  | -0.3%                      | 1.8%        | 1.8%        | 1.3%        | 1.5%        | 1.2%        |

**Future DSM**

|             |       |        |        |        |        |
|-------------|-------|--------|--------|--------|--------|
| Residential | -13.5 | -30.1  | -42.2  | -52.6  | -62.1  |
| Commercial  | -40.9 | -70.2  | -99.2  | -128.3 | -157.3 |
| Sched F     | 0.0   | 0.0    | 0.0    | 0.0    | 0.0    |
| Total       | -54.4 | -100.3 | -141.4 | -180.9 | -219.4 |

**Recommended Sales Forecast with Future DSM**

|             |         |         |         |         |         |         |
|-------------|---------|---------|---------|---------|---------|---------|
| Residential | 2,134.4 | 2,158.9 | 2,196.7 | 2,203.2 | 2,216.3 | 2,231.9 |
| % incr      | -0.4%   | 1.1%    | 1.8%    | 0.3%    | 0.6%    | 0.7%    |
| Commercial  | 5,528.7 | 5,588.9 | 5,643.5 | 5,699.5 | 5,767.8 | 5,812.3 |
| % incr      | -0.2%   | 1.1%    | 1.0%    | 1.0%    | 1.2%    | 0.8%    |
| Sched F     | 37.5    | 37.5    | 37.6    | 37.5    | 37.5    | 37.5    |
| % incr      | -0.8%   | 0.0%    | 0.3%    | -0.3%   | 0.0%    | 0.0%    |
| Total       | 7,700.6 | 7,785.3 | 7,877.8 | 7,940.2 | 8,021.6 | 8,081.7 |
| % incr      | -0.3%   | 1.1%    | 1.2%    | 0.8%    | 1.0%    | 0.7%    |



**EXHIBIT 2**

**Hawaiian Electric Company, Inc.  
Comparison of February 2007 Sales Update vs. August 2006 Sales Forecast**

|   | <u>Recd<br/>2006</u> | <u>2007</u> | <u>2008</u> | <u>2009</u> | <u>2010</u> | <u>2011</u> |
|---|----------------------|-------------|-------------|-------------|-------------|-------------|
| <b>February 2007 Sales Update (Reduced by Future DSM)</b> |                      |             |             |             |             |             |
| Residential   | 2,134.4              | 2,158.9     | 2,196.7     | 2,203.2     | 2,216.3     | 2,231.9     |
| % Incr  |                      | 1.1%        | 1.8%        | 0.3%        | 0.6%        | 0.7%        |
| Commercial  | 5,528.7              | 5,588.9     | 5,643.5     | 5,699.5     | 5,767.8     | 5,812.3     |
| % Incr  |                      | 1.1%        | 1.0%        | 1.0%        | 1.2%        | 0.8%        |
| Sched F   | 37.5                 | 37.5        | 37.6        | 37.5        | 37.5        | 37.5        |
| % Incr  |                      | 0.0%        | 0.3%        | -0.3%       | 0.0%        | 0.0%        |
| Total   | 7,700.6              | 7,785.3     | 7,877.8     | 7,940.2     | 8,021.6     | 8,081.7     |
| % Incr  |                      | 1.1%        | 1.2%        | 0.8%        | 1.0%        | 0.7%        |
| <b>August 2006 Sales Forecast (Reduced by Future DSM)</b> |                      |             |             |             |             |             |
| Residential   | 2,118.4              | 2,128.9     | 2,145.1     | 2,151.2     | 2,163.8     | 2,178.8     |
| % Incr  |                      | 0.5%        | 0.8%        | 0.3%        | 0.6%        | 0.7%        |
| Commercial  | 5,494.0              | 5,554.1     | 5,648.3     | 5,732.3     | 5,814.4     | 5,852.6     |
| % Incr  |                      | 1.1%        | 1.7%        | 1.5%        | 1.4%        | 0.7%        |
| Sched F   | 37.8                 | 37.8        | 37.9        | 37.8        | 37.8        | 37.8        |
| % Incr  |                      | 0.0%        | 0.3%        | -0.3%       | 0.0%        | 0.0%        |
| Total   | 7,650.2              | 7,720.8     | 7,831.3     | 7,921.3     | 8,016.0     | 8,069.2     |
| % Incr  |                      | 0.9%        | 1.4%        | 1.1%        | 1.2%        | 0.7%        |
| <b>February 2007 less August 2006</b>                     |                      |             |             |             |             |             |
| Residential   | 16.0                 | 30.0        | 51.6        | 52.0        | 52.5        | 53.1        |
| Commercial  | 34.7                 | 34.8        | -4.8        | -32.8       | -46.6       | -40.3       |
| Sched F   | -0.3                 | -0.3        | -0.3        | -0.3        | -0.3        | -0.3        |
| Total   | 50.4                 | 64.5        | 46.5        | 18.9        | 5.6         | 12.5        |

Note: Includes leap year impacts.



EXHIBIT 3

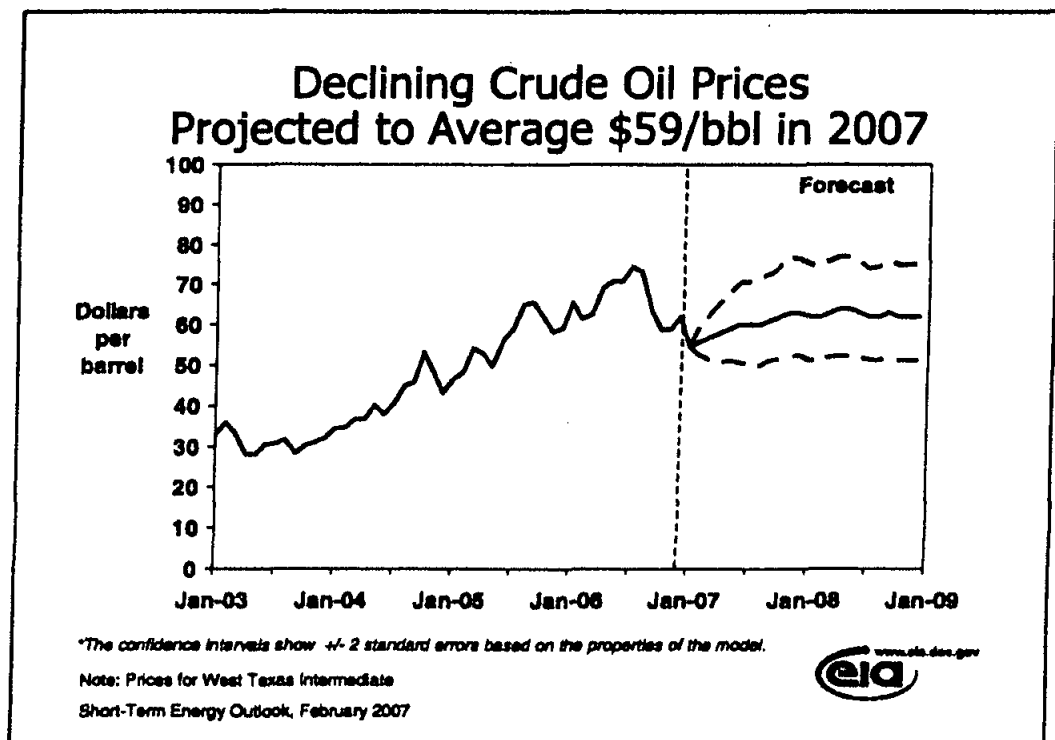
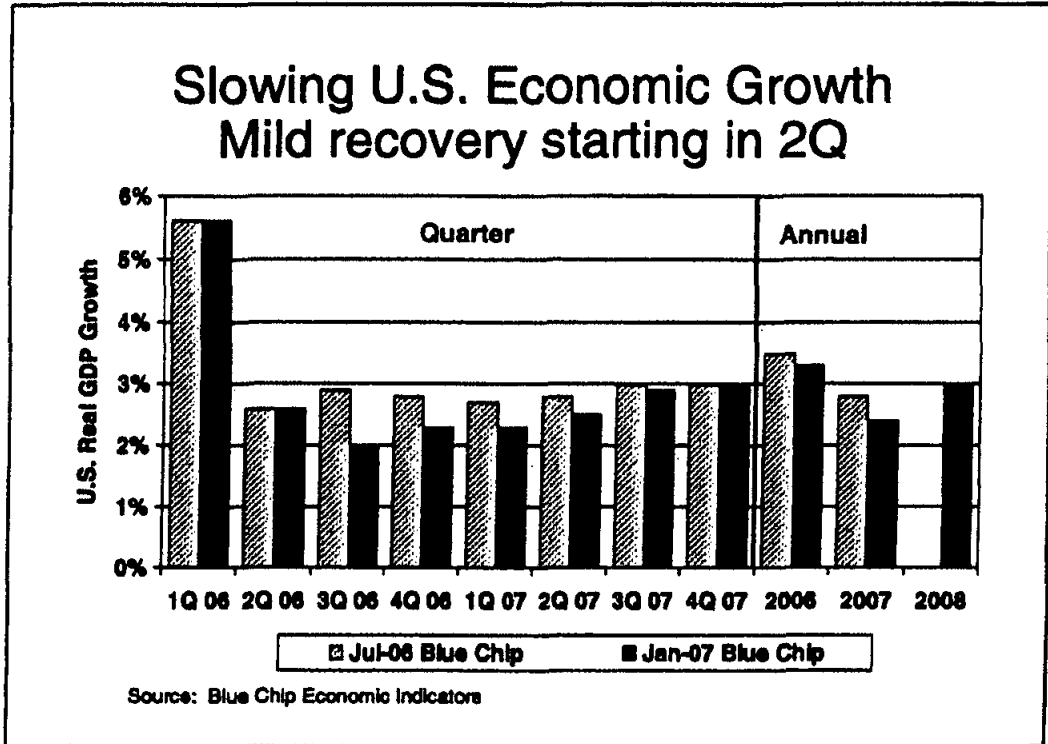
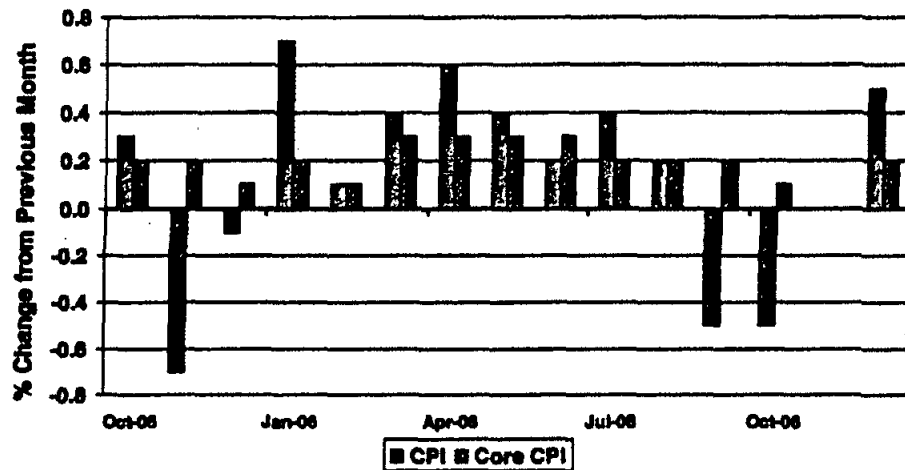




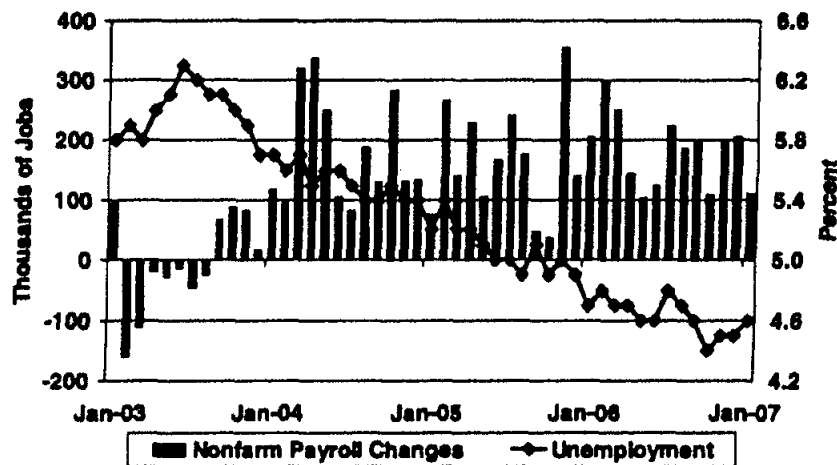
EXHIBIT 4

## Inflation Worries Ease



Source: U.S. Dept of Labor, Bureau of Labor Statistics  
(Core CPI is all items less energy and food)

## National Unemployment Remains 4.6%

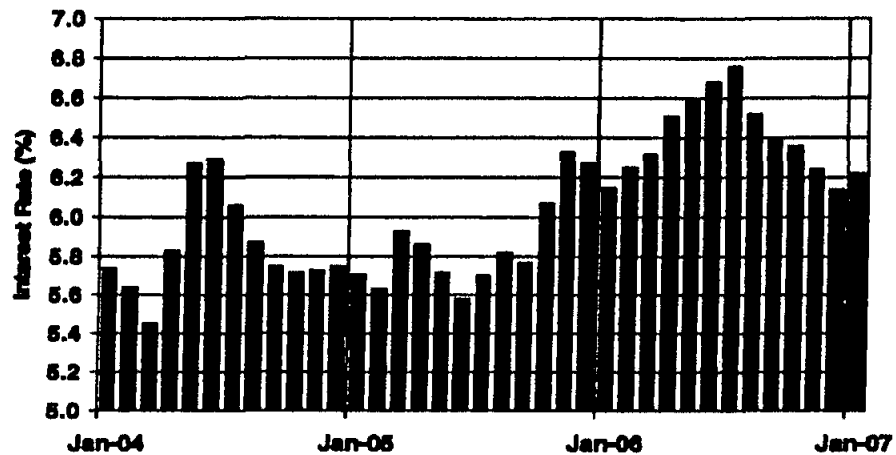


Note: Seasonally adjusted



EXHIBIT 5

## 30-Year Mortgages Peaked In July

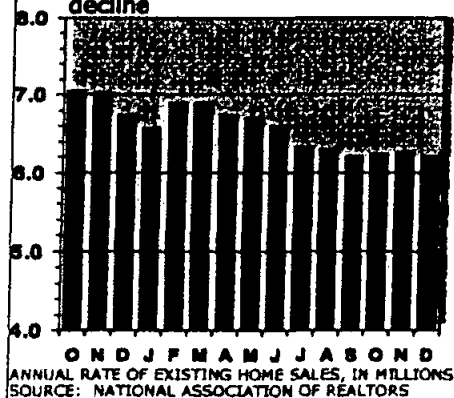


Source: FHLMC

## Stabilizing U.S. Housing Sector

### EXISTING HOME SALES STABILIZE

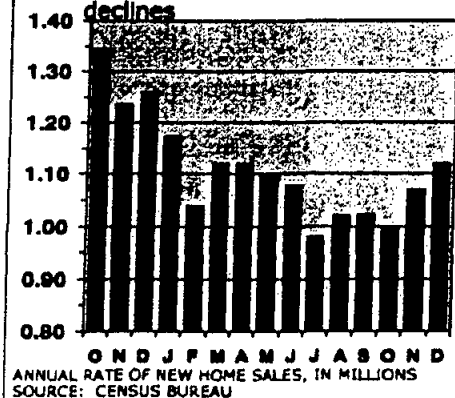
Stabilization after months of decline



ANNUAL RATE OF EXISTING HOME SALES, IN MILLIONS  
SOURCE: NATIONAL ASSOCIATION OF REALTORS

### NEW HOME SALES RECOVER

Recent growth despite YOY declines

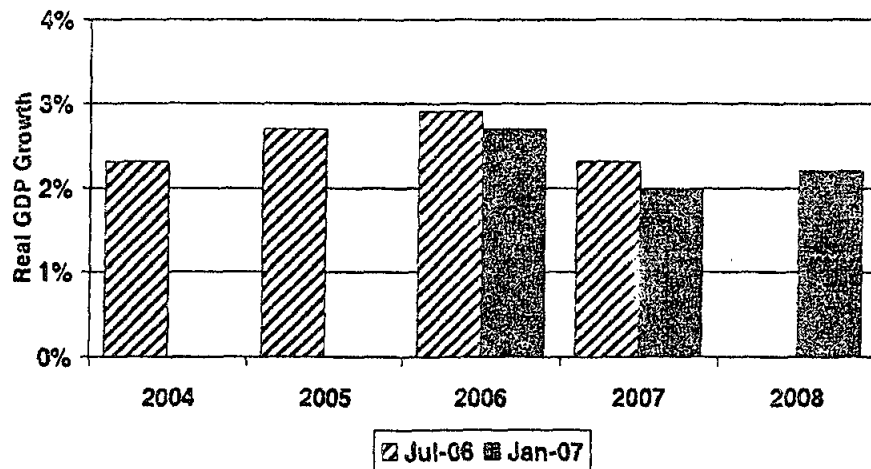


ANNUAL RATE OF NEW HOME SALES, IN MILLIONS  
SOURCE: CENSUS BUREAU



EXHIBIT 6

## Slowing Economic Growth in Japan



Source: Blue Chip Economic Indicators

## Hawaii's Economy in 2007

| Indicator                    | May Forecast Update | Nov Forecast Update | Difference (% points) |
|------------------------------|---------------------|---------------------|-----------------------|
| Non-farm Jobs (% chg)        | 1.3                 | 1.5                 | + 0.2                 |
| Employment (% chg)           | 1.6                 | 1.5                 | - 0.1                 |
| Unemployment (%)             | 2.4                 | 2.9                 | + 0.5                 |
| Real Personal Income (% chg) | 2.2                 | 1.8                 | - 0.4                 |
| Inflation Rate (%)           | 3.2                 | 4.4                 | + 1.2                 |

Source: UHERO Quarterly Forecast Update



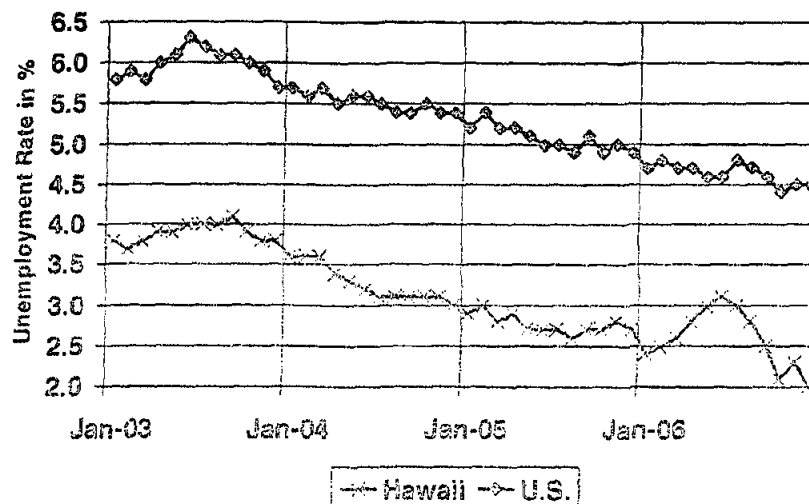
EXHIBIT 7

## International Visitor Arrivals Continue To Lag

|                    | Dec 2006 Month | Dec 2006 YTD |
|--------------------|----------------|--------------|
| Visitor Arrivals   | 1.0% ↑         | 0.0% ↔       |
| Domestic Arrivals  | 5.0% ↑         | 2.6% ↑       |
| Int'l Arrivals     | 8.5% ↓         | 6.6% ↓       |
| Total Expenditures | 0.1% ↑         | 2.9% ↑       |
| Visitor Days       | 1.4% ↓         | 0.3% ↓       |

Note: Percentage change relative to 2005 for the same period  
Source: DBEDT

## Hawaii's Unemployment Drops to 2.0%

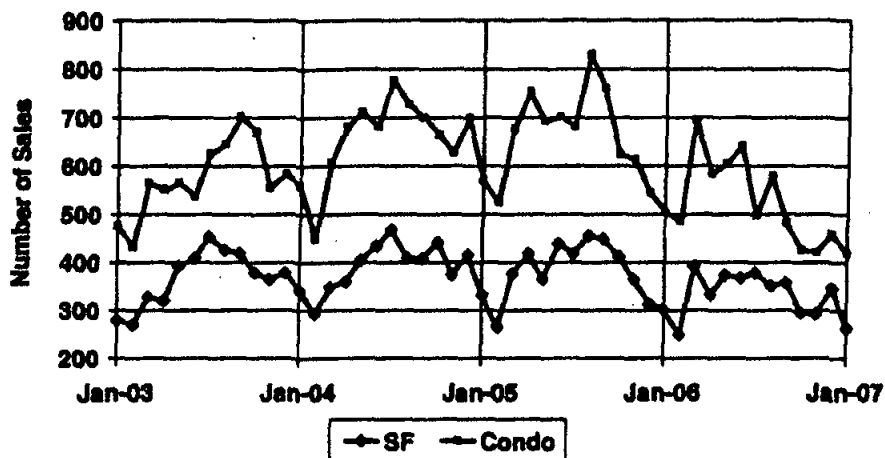


Note: Seasonally adjusted



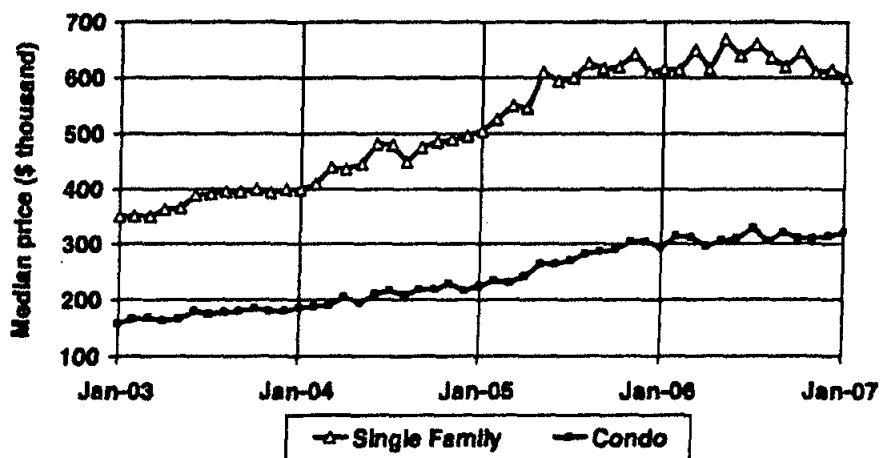
EXHIBIT 8

## Oahu Home Sales Volume Slows



Source: Existing Home Resales, Honolulu Board of Realtors

## While Home Prices Stabilize



Source: Existing Home Resales, Honolulu Board of Realtors



**COMPARATIVE 2006-08 HAWAII ECONOMY FORECASTS  
ANNUAL PERCENTAGE CHANGE**

|                    | Jobs |      |      | Employment |      |      | Real Pers Income |      |      | CPI-U (Honolulu) |      |      |
|--------------------|------|------|------|------------|------|------|------------------|------|------|------------------|------|------|
|                    | 2006 | 2007 | 2008 | 2006       | 2007 | 2008 | 2006             | 2007 | 2008 | 2006             | 2007 | 2008 |
| Actual             | 2.6  |      |      | 3.0        |      |      |                  |      |      |                  |      |      |
| BOH <sup>1</sup>   |      |      |      |            |      |      | 0.9              | 1.5  | 2.2  | 4.6              | 4.6  | 3.8  |
| UHERO <sup>2</sup> | 2.6  | 1.5  | 1.2  | 2.6        | 1.5  | 1.2  | 1.1              | 1.8  | 1.8  | 5.1              | 4.4  | 3.4  |
| Laney <sup>3</sup> | 2.5  | 2.0  |      |            |      |      | 2.0              | 2.0  |      | 5.0              | 4.5  |      |
| DBEDT <sup>4</sup> | 2.5  | 1.5  | 1.2  |            |      |      | 2.1              | 2.3  | 2.2  | 4.8              | 3.6  | 3.2  |

|                    | Construction <sup>5</sup> |      |      | Total Visitor Arrivals |      |      | Domestic Arrivals <sup>6</sup> |      |      | International Arrivals <sup>7</sup> |      |      |
|--------------------|---------------------------|------|------|------------------------|------|------|--------------------------------|------|------|-------------------------------------|------|------|
|                    | 2006                      | 2007 | 2008 | 2006                   | 2007 | 2008 | 2006                           | 2007 | 2008 | 2006                                | 2007 | 2008 |
| Actual             |                           |      |      | 0.0                    |      |      | 2.6                            |      |      | 6.6                                 |      |      |
| BOH <sup>1</sup>   |                           |      |      | -0.5                   | 1.2  | 2.2  | 1.7                            | 0.8  | 1.7  | -5.9                                | 2.4  | 3.6  |
| UHERO <sup>2</sup> | 10.0                      | -1.9 |      | 0.4                    | 2.0  | 1.6  | 2.4                            | 1.3  | 1.0  | -8.6                                | 0.2  | 2.6  |
| Laney <sup>3</sup> |                           |      |      | 0.5                    | 2.4  |      |                                |      |      |                                     |      |      |
| DBEDT <sup>4</sup> |                           |      |      | 0.3                    | 2.5  | 2.3  |                                |      |      |                                     |      |      |

<sup>1</sup> Paul Brewbaker, Chief Economist (Bank of Hawaii), January 31, 2007, <https://www.boh.com/econ/reports/econ013107.pdf>

<sup>2</sup> Professors Carl Bonham and Byron Gangnes (University of Hawaii Economic Research Organization), November 28, 2006

<sup>3</sup> Professor Leroy Laney (Hawaii Pacific University) FHB Economic Forecast 2006-2007 Edition, <http://www.fhb.com/pdf/EconForecastHawaii06.pdf>

<sup>4</sup> Hawaii DBEDT Quarterly Statistical & Economic Report, 4th Quarter 2006, November 22, 2006

<sup>5</sup> GE Contracting tax base, UHERO Construction Forecast, September 29, 2006

<sup>6</sup> UHERO projections for U.S. arrivals

<sup>7</sup> UHERO projections for Japan arrivals

Note: Actuals are preliminary

**EXHIBIT 9**

CA-IR-46  
DOCKET NO. 2006-0386  
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**EXHIBIT 10**

**Hawaiian Electric Company, Inc.**

**COMPARISON OF 2006 VS. 2005  
DECEMBER YEAR-TO-DATE  
Recorded GWh Sales**

| <u>Schedule</u>                | <u>Dec YTD<br/>2006</u> | <u>Dec YTD<br/>2005</u> | <u>Diff</u>  | <u>% Diff</u> |
|--------------------------------|-------------------------|-------------------------|--------------|---------------|
| R                              | 2,134.4                 | 2,142.5                 | -8.1         | -0.4%         |
| G                              | 367.5                   | 369.5                   | -1.9         | -0.5%         |
| J                              | 2,039.4                 | 2,020.6                 | 18.9         | 0.9%          |
| H                              | 46.9                    | 52.6                    | -5.7         | -10.8%        |
| P                              | 3,074.8                 | 3,098.4                 | -23.6        | -0.8%         |
| F                              | 37.5                    | 37.8                    | -0.3         | -0.8%         |
| <b>Total</b>                   | <b>7,700.6</b>          | <b>7,721.3</b>          | <b>-20.7</b> | <b>-0.3%</b>  |
| <b>Commercial <sup>1</sup></b> | <b>5,566.2</b>          | <b>5,578.8</b>          | <b>-12.6</b> | <b>-0.2%</b>  |

<sup>1</sup> Includes Schedule F

**Legend:**

R Residential Service  
G General Service Non-Demand  
J General Service Demand  
H Commercial Cooking, Heating, Air Conditioning & Refrigeration  
P Large Power Service  
F Public Street, Highway, Park & Playground Lighting



EXHIBIT 11

Hawaiian Electric Company, Inc.

COMPARISON OF 2006 VS. 2005  
FOURTH QUARTER  
Recorded GWh Sales

| <u>Schedule</u>         | <u>4th Quarter<br/>2006</u> | <u>4th Quarter<br/>2005</u> | <u>Diff</u> | <u>% Diff</u> |
|-------------------------|-----------------------------|-----------------------------|-------------|---------------|
| R                       | 548.1                       | 536.6                       | 11.5        | 2.1%          |
| G                       | 93.9                        | 93.0                        | 0.9         | 0.9%          |
| J                       | 524.5                       | 510.5                       | 14.0        | 2.7%          |
| H                       | 11.5                        | 12.6                        | -1.1        | -8.8%         |
| P                       | 785.1                       | 787.8                       | -2.8        | -0.4%         |
| F                       | 9.5                         | 9.7                         | -0.1        | -1.4%         |
| Total                   | 1,972.6                     | 1,950.2                     | 22.4        | 1.1%          |
| Commercial <sup>1</sup> | 1,424.5                     | 1,413.6                     | 10.9        | 0.8%          |

<sup>1</sup> Includes Schedule F

Legend:

R Residential Service  
G General Service Non-Demand  
J General Service Demand  
H Commercial Cooking, Heating, Air Conditioning & Refrigeration  
P Large Power Service  
F Public Street, Highway, Park & Playground Lighting



EXHIBIT 12

Hawaiian Electric Company, Inc.

COMPARISON OF 2007 VS. 2006  
JANUARY YEAR-TO-DATE  
Recorded GWh Sales

| Schedule                | Jan YTD<br>2007 | Jan YTD<br>2006 | Diff | % Diff |
|-------------------------|-----------------|-----------------|------|--------|
| R                       | 181.8           | 178.9           | 2.9  | 1.6%   |
| G                       | 29.5            | 29.1            | 0.3  | 1.1%   |
| J                       | 162.3           | 158.7           | 3.6  | 2.2%   |
| H                       | 3.7             | 3.9             | -0.2 | -5.5%  |
| P                       | 249.9           | 251.3           | -1.4 | -0.6%  |
| F                       | 2.6             | 3.2             | -0.6 | -17.5% |
| Total                   | 629.8           | 625.2           | 4.6  | 0.7%   |
| Commercial <sup>1</sup> | 448.0           | 446.3           | 1.7  | 0.4%   |

<sup>1</sup> Includes Schedule F

Legend:

R Residential Service  
G General Service Non-Demand  
J General Service Demand  
H Commercial Cooking, Heating, Air Conditioning & Refrigeration  
P Large Power Service  
F Public Street, Highway, Park & Playground Lighting



EXHIBIT 13

Hawaiian Electric Company, Inc.

RESIDENTIAL RECORDED SALES  
2006 VS. 2005

|                    | 2006        | 2005      | Difference |       |
|--------------------|-------------|-----------|------------|-------|
|                    |             |           | Amt        | %     |
| Recorded MWh Sales | 2,134,431.8 | 2,142,534 | -8,102     | -0.4% |
| Bills              | 3,105,515   | 3,075,232 | 30,283     | 1.0%  |
| kWh Use per Bill   | 687         | 697       | -9.403     | -1.3% |

| Change in Customers x Use per Bill = Difference in Sales |   |     |   |            |
|--|---|-----|---|------------|
| 30,283   | x | 687 | = | 20,814 MWh |

| Change in Use Per Bill x Customers = Difference in Sales |   |           |   |             |
|--|---|-----------|---|-------------|
| -9.403   | x | 3,075,232 | = | -28,916 MWh |

|        |        |     |
|--------|--------|-----|
| Total: | -8,102 | MWh |
|--------|--------|-----|



EXHIBIT 14

Hawaiian Electric Company, Inc.

BILLED GWHS BY BUILDING TYPE  
YTD DECEMBER

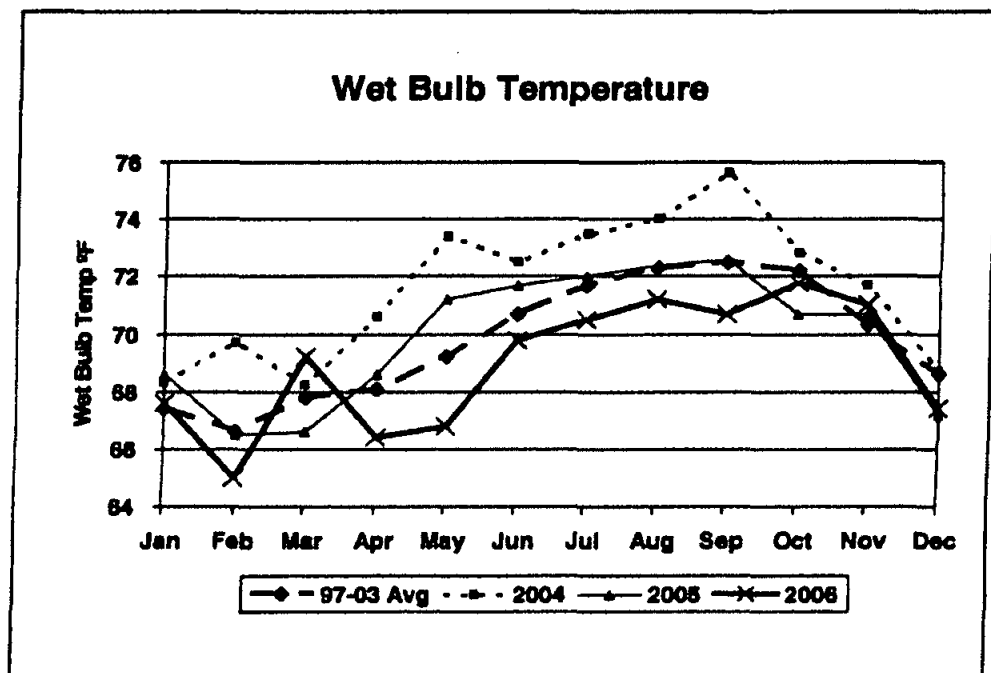
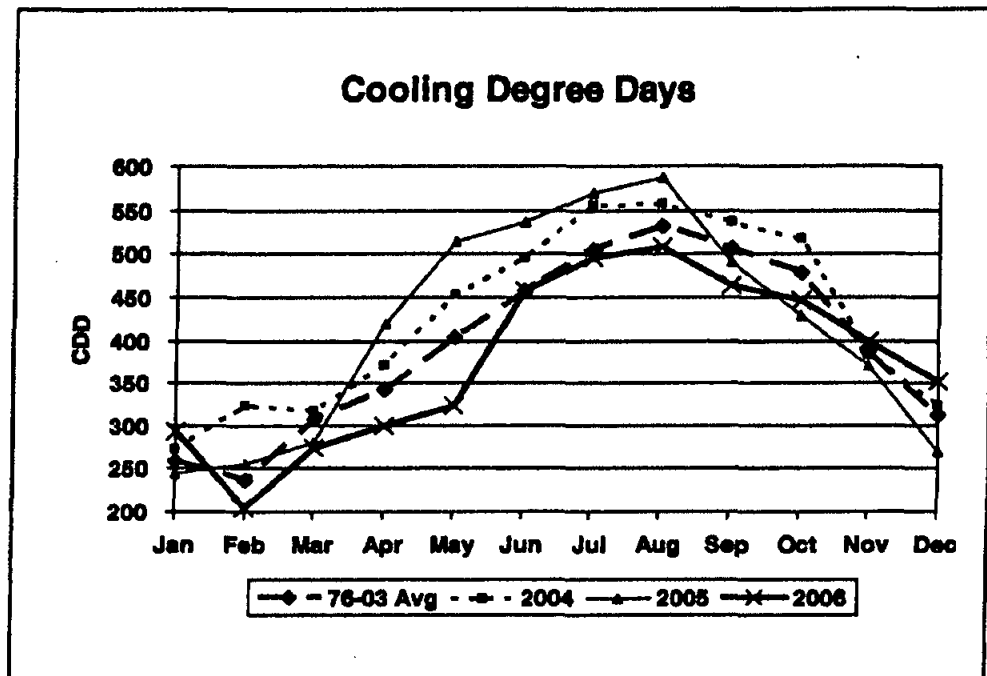
| <i>Building Type</i>    | <i>2006</i> | <i>2005</i> | <i>Diff</i> | <i>% Chg</i> |
|-------------------------|-------------|-------------|-------------|--------------|
| Offices                 | 809.4       | 808.6       | 0.8         | 0.1%         |
| Restaurant              | 249.1       | 249.4       | -0.3        | -0.1%        |
| Retail (Non Food)       | 474.1       | 480.6       | -6.5        | -1.4%        |
| Grocery (Retail - Food) | 208.5       | 211.0       | -2.5        | -1.2%        |
| Warehouse               | 127.2       | 130.7       | -3.5        | -2.7%        |
| Education               | 403.5       | 390.8       | 12.7        | 3.2%         |
| Health                  | 227.8       | 229.4       | -1.6        | -0.7%        |
| Lodging (Hotels)        | 402.3       | 414.7       | -12.4       | -3.0%        |
| Housing (Apt/Condo)     | 437.9       | 433.2       | 4.7         | 1.1%         |
| Service/Amusement       | 376.1       | 375.9       | 0.2         | 0.1%         |
| Air Facilities          | 120.0       | 119.7       | 0.3         | 0.3%         |
| Manufacturing           | 123.1       | 128.0       | -4.9        | -3.8%        |
| Pumping (Incl BWS)      | 199.9       | 198.7       | 1.2         | 0.6%         |
| Military/Base           | 1,204.6     | 1,227.6     | -23.0       | -1.9%        |
| Food Processing         | 68.2        | 69.0        | -0.8        | -1.2%        |
| Others                  | 78.2        | 77.5        | 0.7         | 0.9%         |
| Grand Total             | 5,509.9     | 5,544.8     | -34.9       | -0.6%        |



EXHIBIT 15

Hawaiian Electric Co., Inc.

**HISTORICAL WEATHER VARIABLES**

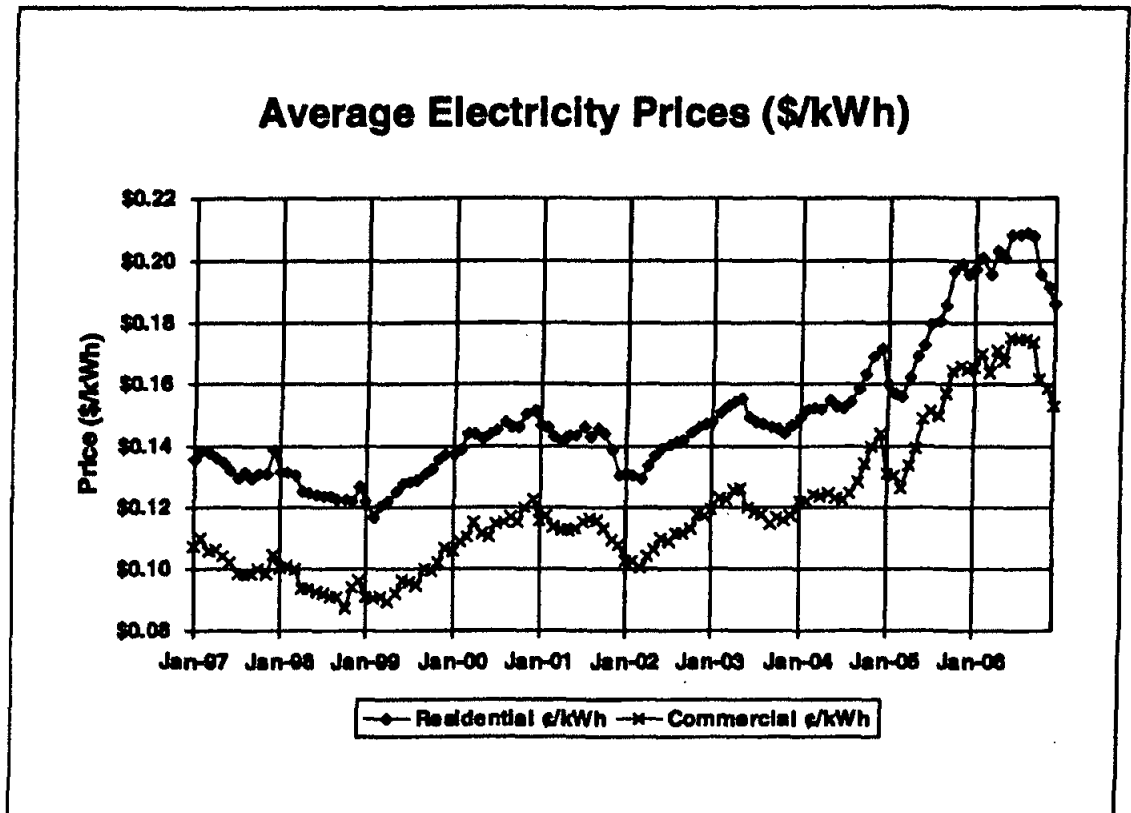




**EXHIBIT 16**

**Hawaiian Electric Co., Inc.**

**HISTORICAL ELECTRICITY PRICES**





**EXHIBIT 17**

**Hawaiian Electric Company, Inc.**

**COMPARISON OF RECORDED VS. AUGUST 2006 FORECAST  
DECEMBER YEAR-TO-DATE 2005  
Recorded GWh Sales**

| <u>Schedule</u>                | <u>Dec YTD 06<br/>Recorded</u> | <u>Dec YTD<br/>Aug 06 Fcst</u> | <u>Diff</u> | <u>% Diff</u> |
|--------------------------------|--------------------------------|--------------------------------|-------------|---------------|
| R                              | 2,134.4                        | 2,118.4                        | 16.0        | 0.8%          |
| G                              | 367.5                          | 363.4                          | 4.1         | 1.1%          |
| J                              | 2,039.4                        | 2,021.3                        | 18.1        | 0.9%          |
| H                              | 46.9                           | 45.8                           | 1.1         | 2.4%          |
| P                              | 3,074.8                        | 3,063.5                        | 11.3        | 0.4%          |
| F                              | 37.5                           | 37.8                           | -0.3        | -0.9%         |
| <b>Total</b>                   | <b>7,700.6</b>                 | <b>7,650.2</b>                 | <b>50.4</b> | <b>0.7%</b>   |
| <b>Commercial <sup>1</sup></b> | <b>5,566.2</b>                 | <b>5,531.8</b>                 | <b>34.4</b> | <b>0.6%</b>   |

<sup>1</sup> Includes Schedule F



EXHIBIT 18

Hawaiian Electric Company, Inc.

COMPARISON OF RECORDED VS. AUGUST 2006 FORECAST <sup>1</sup>  
JANUARY YEAR-TO-DATE 2007  
Recorded GWh Sales

| Schedule                | Jan 2007<br>Recorded | Jan 2007<br>Aug 06 Fcst | Diff | % Diff |
|-------------------------|----------------------|-------------------------|------|--------|
| R                       | 181.8                | 183.4                   | -1.6 | -0.8%  |
| G                       | 29.5                 | 28.5                    | 1.0  | 3.4%   |
| J                       | 162.3                | 158.1                   | 4.2  | 2.6%   |
| H                       | 3.7                  | 3.4                     | 0.3  | 8.5%   |
| P                       | 249.9                | 247.6                   | 2.3  | 0.9%   |
| F                       | 2.8                  | 3.3                     | -0.7 | -19.7% |
| Total                   | 629.8                | 624.3                   | 5.5  | 0.9%   |
| Commercial <sup>2</sup> | 448.0                | 440.9                   | 7.1  | 1.6%   |

<sup>1</sup> The August 2006 forecast is the Report 1 forecast for 2007

<sup>2</sup> Includes Schedule F



**EXHIBIT 19**

**Hawaiian Electric Company, Inc.  
Comparison of February 2007 Sales Update vs. August 2006 Sales Forecast**

|   | <u>Recd<br/>2006</u> | <u>2007</u> | <u>2008</u> | <u>2009</u> | <u>2010</u> | <u>2011</u> |
|---|----------------------|-------------|-------------|-------------|-------------|-------------|
| <b>February 2007 Sales Update (Reduced by Future DSM)</b> |                      |             |             |             |             |             |
| Residential   | 2,134.4              | 2,158.9     | 2,196.7     | 2,203.2     | 2,216.3     | 2,231.9     |
| % incr  |                      | 1.1%        | 1.8%        | 0.3%        | 0.6%        | 0.7%        |
| Commercial  | 5,528.7              | 5,588.9     | 5,643.5     | 5,699.5     | 5,767.8     | 5,812.3     |
| % incr  |                      | 1.1%        | 1.0%        | 1.0%        | 1.2%        | 0.8%        |
| Sched F   | 37.5                 | 37.5        | 37.6        | 37.5        | 37.5        | 37.5        |
| % incr  |                      | 0.0%        | 0.3%        | -0.3%       | 0.0%        | 0.0%        |
| Total   | 7,700.6              | 7,785.3     | 7,877.8     | 7,940.2     | 8,021.6     | 8,081.7     |
| % incr  |                      | 1.1%        | 1.2%        | 0.8%        | 1.0%        | 0.7%        |
| <b>August 2006 Sales Forecast (Reduced by Future DSM)</b> |                      |             |             |             |             |             |
| Residential   | 2,118.4              | 2,128.9     | 2,145.1     | 2,151.2     | 2,163.8     | 2,178.8     |
| % incr  |                      | 0.5%        | 0.8%        | 0.3%        | 0.6%        | 0.7%        |
| Commercial  | 5,494.0              | 5,554.1     | 5,648.3     | 5,732.3     | 5,814.4     | 5,852.6     |
| % incr  |                      | 1.1%        | 1.7%        | 1.5%        | 1.4%        | 0.7%        |
| Sched F   | 37.8                 | 37.8        | 37.9        | 37.8        | 37.8        | 37.8        |
| % incr  |                      | 0.0%        | 0.3%        | -0.3%       | 0.0%        | 0.0%        |
| Total   | 7,650.2              | 7,720.8     | 7,831.3     | 7,921.3     | 8,016.0     | 8,069.2     |
| % incr  |                      | 0.9%        | 1.4%        | 1.1%        | 1.2%        | 0.7%        |
| <b>February 2007 less August 2006</b>                     |                      |             |             |             |             |             |
| Residential   | 16.0                 | 30.0        | 51.6        | 52.0        | 52.5        | 53.1        |
| Commercial  | 34.7                 | 34.8        | -4.8        | -32.8       | -46.6       | -40.3       |
| Sched F   | -0.3                 | -0.3        | -0.3        | -0.3        | -0.3        | -0.3        |
| Total   | 50.4                 | 64.5        | 46.5        | 18.9        | 5.6         | 12.5        |

Note: Includes leap year impacts.



EXHIBIT 20  
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| Hawaiian Electric Company, Inc.<br>Large Project GWh Sales, February 2007 Update |                |                |       |       |       |       |       |      |
|--|----------------|----------------|-------|-------|-------|-------|-------|------|
| Sector   | In Svc<br>Date | Billed<br>2006 | 2007  | 2008  | 2009  | 2010  | 2011  | 2012 |
| Office   | Jan-10         |                |       |       |       | 4.4   | 5.8   | 5.8  |
| Office   | Jan-10         |                |       |       |       | 1.1   | 1.5   | 1.5  |
| Restmnt  | Nov-05         | 1.6            | 3.6   | 3.9   | 3.9   | 3.9   | 3.9   | 3.9  |
| Restmnt  | May-06         | 0.4            | 1.3   | 1.3   | 1.3   | 1.3   | 1.3   | 1.3  |
| Restmnt  | Jul-06         | 0.2            | 0.8   | 0.9   | 0.9   | 0.9   | 0.9   | 0.9  |
| Restmnt  | Oct-06         | 0.5            | 1.4   | 1.4   | 1.4   | 1.4   | 1.4   | 1.4  |
| Restmnt  | Dec-06         |                | 1.0   | 1.0   | 1.0   | 1.0   | 1.0   | 1.0  |
| Restmnt  | Feb-07         |                | 2.6   | 4.0   | 4.0   | 4.0   | 4.0   | 4.0  |
| Retail   | Aug-05         | 12.8           | 15.9  | 18.7  | 18.7  | 18.7  | 18.7  | 18.7 |
| Retail   | May-06         | 3.3            | 3.8   | 3.8   | 3.8   | 3.8   | 3.8   | 3.8  |
| Retail   | Jan-07         | 3.2            | 3.8   | 4.3   | 4.3   | 4.3   | 4.3   | 4.3  |
| Retail   | Jan-07         |                | 2.1   | 3.4   | 3.4   | 3.4   | 3.4   | 3.4  |
| Retail   | Jan-07         |                | 2.8   | 3.0   | 3.0   | 3.0   | 3.0   | 3.0  |
| Retail   | Jul-07         |                |       | 0.4   | 1.0   | 1.0   | 1.0   | 1.0  |
| Retail   | Oct-07         |                | 0.1   | 1.0   | 1.0   | 1.0   | 1.0   | 1.0  |
| Retail   | Jan-08         |                |       | 6.8   | 9.1   | 9.1   | 9.1   | 9.1  |
| Retail   | Jan-08         |                |       | 2.3   | 2.3   | 2.3   | 2.3   | 2.3  |
| Retail   | Mar-08         |                |       | 1.9   | 2.3   | 2.3   | 2.3   | 2.3  |
| Retail   | Apr-08         |                |       | 4.6   | 6.2   | 6.2   | 6.2   | 6.2  |
| Retail   | May-08         |                |       | 3.8   | 5.8   | 5.8   | 5.8   | 5.8  |
| Retail   | May-08         |                |       | 2.4   | 4.1   | 4.1   | 4.1   | 4.1  |
| Retail   | Aug-08         |                |       | 1.4   | 5.4   | 5.5   | 5.5   | 5.5  |
| Retail   | Oct-08         |                |       | 1.0   | 3.9   | 3.9   | 3.9   | 3.9  |
| Retail   | Nov-08         |                |       | 0.8   | 6.7   | 7.2   | 7.2   | 7.2  |
| Grocery  | Dec-06         |                | 0.9   | 1.1   | 1.1   | 1.1   | 1.1   | 1.1  |
| Grocery  | Feb-07         | 2.3            | 0.4   |       |       |       |       |      |
| Grocery  | Mar-07         | 0.8            | 0.2   |       |       |       |       |      |
| Grocery  | Mar-07         | 2.3            | 0.6   |       |       |       |       |      |
| Grocery  | Apr-07         | 1.4            | 0.5   |       |       |       |       |      |
| Grocery  | Oct-07         |                | 0.6   | 2.3   | 2.3   | 2.3   | 2.3   | 2.3  |
| Grocery  | Mar-08         |                |       | 2.2   | 2.6   | 2.6   | 2.6   | 2.6  |
| Warehse  | Oct-05         | 2.7            | 0.5   | 0.5   | 0.5   | 0.5   | 0.5   | 0.5  |
| Warehse  | Jul-08         |                |       | 0.0   | 0.6   | 1.8   | 2.0   | 2.0  |
| Warehse  | Jan-09         |                |       | 0.4   | 1.0   | 1.0   | 1.0   | 1.0  |
| Warehse  | Jul-09         |                |       |       | 0.0   | 0.3   | 1.0   | 1.1  |
| Warehse  | Jan-10         |                |       |       |       | 0.9   | 5.3   | 8.5  |
| Educ   |                | 128.3          | 126.5 | 123.0 | 117.8 | 110.5 | 101.3 | 90.3 |
| Educ   |                | 13.3           | 13.7  | 14.1  | 14.1  | 14.1  | 14.1  | 14.1 |
| Educ   | Sep-06         | 0.8            | 1.2   | 1.2   | 1.2   | 1.2   | 1.2   | 1.2  |
| Educ   | Sep-09         |                |       |       | 3.2   | 9.6   | 9.6   | 9.6  |
| Educ   | Sep-09         |                |       |       | 0.7   | 2.2   | 2.2   | 2.2  |
| Educ   | Jan-10         |                |       |       |       | 6.6   | 6.6   | 6.6  |
| Educ   | Jan-10         |                |       |       |       | 6.6   | 6.6   | 6.6  |
| Health   | Jul-07         |                |       | 0.5   | 3.2   | 8.5   | 11.6  | 11.6 |
| Health   | Jul-08         |                |       | 1.1   | 2.3   | 4.5   | 4.5   | 4.5  |
| Health   | Jul-09         |                |       |       | 0.9   | 1.7   | 1.7   | 1.7  |
| Health   | Jul-10         |                |       |       |       | 1.8   | 3.5   | 3.5  |



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**Hawaiian Electric Company, Inc.**  
**Large Project GWh Sales, February 2007 Update**

| Sector   | In Svc<br>Date | Billed<br>2006 | 2007   | 2008   | 2009   | 2010   | 2011   | 2012   |
|----------|----------------|----------------|--------|--------|--------|--------|--------|--------|
| Hotel    | Jul-07         |                | 5.3    | 7.5    | 13.6   | 18.2   | 18.2   | 18.2   |
| Hotel    | Jul-07         | 8.8            | 9.5    | 9.5    | 11.4   | 12.1   | 12.1   | 12.1   |
| Hotel    | Jan-07         |                | (2.8)  |        |        |        |        |        |
| Hotel    | Jan-07         |                | (1.5)  | (1.5)  |        |        |        |        |
| Hotel    | Jan-08         |                |        | (0.8)  | (0.8)  |        |        |        |
| Hotel    | Jul-08         |                |        | 1.1    | 2.9    | 2.9    | 2.9    | 2.9    |
| Hotel    | Jul-08         |                |        | 4.0    | 8.0    | 8.0    | 8.0    | 8.0    |
| Hotel    | Dec-08         |                |        |        | (6.0)  | (5.0)  |        |        |
| Hotel    | Jan-09         |                |        |        | 8.0    | 16.0   | 16.0   | 16.0   |
| Hotel    | Jul-10         |                |        |        |        | 7.8    | 15.5   | 15.5   |
| Housing  | Jan-06         | 6.8            | 7.7    | 7.7    | 7.7    | 7.7    | 7.7    | 7.7    |
| Housing  | Jun-06         | 7.1            | 8.7    | 8.7    | 8.7    | 8.7    | 8.7    | 8.7    |
| Housing  | Jan-07         | 0.8            | 5.9    | 8.8    | 8.8    | 8.8    | 8.8    | 8.8    |
| Housing  | Oct-07         |                | 0.2    | 0.8    | 0.8    | 0.8    | 0.8    | 0.8    |
| Housing  | Nov-07         |                | 0.3    | 2.3    | 3.1    | 3.1    | 3.1    | 3.1    |
| Housing  | Dec-07         |                |        | 2.4    | 3.2    | 3.2    | 3.2    | 3.2    |
| Housing  | Dec-07         |                |        | 5.8    | 5.8    | 5.8    | 5.8    | 5.8    |
| Housing  | Jan-08         |                |        | 3.7    | 4.3    | 4.3    | 4.3    | 4.3    |
| Housing  | Mar-09         |                |        |        | 4.1    | 5.4    | 5.4    | 5.4    |
| Housing  | Jul-09         |                |        |        | 1.4    | 2.8    | 2.8    | 2.8    |
| Housing  | Jul-09         |                |        |        | 1.2    | 2.4    | 2.4    | 2.4    |
| Svc/Amu  | May-06         | 0.7            | 2.2    | 4.5    | 4.5    | 4.5    | 4.5    | 4.5    |
| Air Fac  | Jul-09         |                |        |        | 0.6    | 1.1    | 1.1    | 1.1    |
| Air Fac  | Jan-10         |                |        |        |        | 1.4    | 1.4    | 1.4    |
| Manufg   | Aug-05         | 3.5            | 5.2    | 5.2    | 5.2    | 5.2    | 5.2    | 5.2    |
| Manufg   | Sep-08         |                |        | (5.0)  | (14.0) | (14.0) | (14.0) | (14.0) |
| Pump     | Oct-04         | 22.1           | 27.8   | 17.4   | 17.3   | 17.3   | 17.3   | 17.3   |
| Pump     | Jan-07         |                | (1.7)  | (4.9)  | (4.9)  | (4.9)  | (4.9)  | (4.9)  |
| Pump     | Jan-09         |                |        | 3.6    | 3.6    | 3.6    | 3.6    | 3.6    |
| Military |                |                | 0.4    | 0.8    | 1.2    | 1.2    | 1.2    | 1.2    |
| Military |                |                |        | 1.4    | 1.4    | 1.4    | 1.4    | 1.4    |
| Military |                |                | 6.0    | 10.0   | 18.2   | 28.6   | 44.6   | 46.0   |
| Military |                |                | 0.7    | 3.1    | 4.8    | 5.8    | 7.9    | 10.0   |
| Military |                | 7.5            | 10.1   | 31.9   | 54.8   | 67.3   | 73.3   | 73.3   |
| Military |                |                | 4.8    | 5.4    | 6.2    | 7.1    | 7.1    | 7.1    |
| Military |                | 2.0            |        | 2.5    | (2.2)  | (3.9)  | (4.5)  | (1.8)  |
| Military |                | (0.4)          | 10.5   | 16.9   | 16.6   | 18.6   | 24.3   | 24.4   |
| Military |                |                |        |        | 1.8    | 1.8    | 1.8    | 1.8    |
| Military |                |                |        |        |        | 0.7    | 12.3   | 32.8   |
| Military |                |                | 2.1    | (0.5)  | (3.4)  | 0.4    | 2.4    | 4.5    |
| Military |                |                | (30.0) | (30.0) | (30.0) | (30.0) | (30.0) | (30.0) |
| Fd Proc  | Jul-06         | 0.7            | 1.7    | 1.7    | 1.7    | 1.7    | 1.7    | 1.7    |
| Fd Proc  | Nov-06         | 3.0            | 0.7    | 0.6    | 0.6    | 0.6    | 0.6    | 0.6    |
| Fd Proc  | Jan-07         |                | (2.6)  | (3.2)  | (3.2)  | (3.2)  | (3.2)  | (3.2)  |

|                        |       |       |       |       |       |       |       |
|------------------------|-------|-------|-------|-------|-------|-------|-------|
| Total                  | 205.0 | 212.8 | 261.7 | 312.0 | 396.6 | 453.0 | 474.2 |
| Incremental YOY Change |       | 7.8   | 48.9  | 50.3  | 84.6  | 56.4  | 21.2  |



**EXHIBIT 21**

**Hawaiian Electric Company, Inc.  
February 2007 Sales Update**

|   | <u>Recd<br/>2006</u> | <u>2007</u> | <u>2008</u> | <u>2009</u> | <u>2010</u> | <u>2011</u> |
|---|----------------------|-------------|-------------|-------------|-------------|-------------|
| <b>Sales Forecast with Adjustments, No Future DSM</b> |                      |             |             |             |             |             |
| Residential   | 2,134.4              | 2,172.4     | 2,226.8     | 2,245.4     | 2,268.9     | 2,294.0     |
| % incr  | -0.4%                | 1.8%        | 2.5%        | 0.8%        | 1.0%        | 1.1%        |
| Commercial  | 5,528.7              | 5,629.8     | 5,713.7     | 5,798.7     | 5,896.1     | 5,969.6     |
| % incr  | -0.2%                | 1.8%        | 1.5%        | 1.5%        | 1.7%        | 1.2%        |
| Sched F   | 37.5                 | 37.5        | 37.6        | 37.5        | 37.5        | 37.5        |
| % incr  | -0.8%                | 0.0%        | 0.3%        | -0.3%       | 0.0%        | 0.0%        |
| Total   | 7,700.6              | 7,839.7     | 7,978.1     | 8,081.6     | 8,202.5     | 8,301.1     |
| % incr  | -0.3%                | 1.8%        | 1.8%        | 1.3%        | 1.5%        | 1.2%        |

**Future DSM**

|             |       |        |        |        |        |
|-------------|-------|--------|--------|--------|--------|
| Residential | -13.5 | -30.1  | -42.2  | -52.6  | -62.1  |
| Commercial  | -40.9 | -70.2  | -99.2  | -128.3 | -157.3 |
| Sched F     | 0.0   | 0.0    | 0.0    | 0.0    | 0.0    |
| Total       | -54.4 | -100.3 | -141.4 | -180.9 | -219.4 |

**Recommended Sales Forecast with Future DSM**

|             |         |         |         |         |         |         |
|-------------|---------|---------|---------|---------|---------|---------|
| Residential | 2,134.4 | 2,158.9 | 2,196.7 | 2,203.2 | 2,216.3 | 2,231.9 |
| % incr      | -0.4%   | 1.1%    | 1.8%    | 0.3%    | 0.6%    | 0.7%    |
| Commercial  | 5,528.7 | 5,588.9 | 5,643.5 | 5,699.5 | 5,767.8 | 5,812.3 |
| % incr      | -0.2%   | 1.1%    | 1.0%    | 1.0%    | 1.2%    | 0.8%    |
| Sched F     | 37.5    | 37.5    | 37.6    | 37.5    | 37.5    | 37.5    |
| % incr      | -0.8%   | 0.0%    | 0.3%    | -0.3%   | 0.0%    | 0.0%    |
| Total       | 7,700.6 | 7,785.3 | 7,877.8 | 7,940.2 | 8,021.6 | 8,081.7 |
| % incr      | -0.3%   | 1.1%    | 1.2%    | 0.8%    | 1.0%    | 0.7%    |